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PROJECT NO. 55566

**GENERATION INTERCONNECTION § BEFORE THE
ALLOWANCE § PUBLIC UTILITY COMMISSION
§ OF TEXAS**

**TEXAS-NEW MEXICO POWER COMPANY'S REPLY COMMENTS ON
THE PROPOSAL FOR PUBLICATION TO AMEND 16 TAC § 25.195**

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Texas-New Mexico Power Company ("TNMP") submits these reply comments in response to comments filed on the Proposal for Publication filed in Project No. 55566 – Generation Interconnection Allowance. The Proposal for Publication requires that any reply comments must be filed by January 18, 2024. TNMP's comments are therefore timely filed.

I. REPLY COMMENTS

TNMP appreciates the opportunity to submit these reply comments related to the Commission's Proposal for Publication to Amend 16 TAC § 25.195, which implements House Bill 1500 (HB 1500), Section 9. That section requires the Commission to implement a rule to "establish a reasonable allowance for transmission-owning utility costs incurred to interconnect generation resources directly with the ERCOT transmission system at transmission voltage." TNMP's reply comments primarily address the initial comments filed by Hunt Energy Network L.L.C. ("Hunt") and the Office of Public Utility Counsel ("OPUC").

Hunt's initial comments seek to expand the scope of the proposed rule to include an allowance for distribution resources in addition to transmission. Specifically, Hunt explains that they have been "advocating" in front of the Commission for over three years to get "parity regarding the interconnection process (including cost treatment) for Distribution Generation Resources ("DGRs") and Distribution Energy Storage Resources ("DERs")." But despite Hunt's

claims, its requested revisions to proposed 16 TAC § 25.195 should be rejected because they are contrary to HB 1500.

The Public Utility Regulatory Act (“PURA”) provision at issue, PURA § 35.004, provides, “The commission by rule shall establish a reasonable allowance for *transmission-owning utility costs* incurred to interconnect generation resources directly with the ERCOT *transmission system at transmission voltage...*” Nowhere in the new PURA rule is there a grant of authority for the Commission to establish an allowance for the interconnection of distribution generation or storage resources interconnecting with the distribution system.

Hunt, in seeking to shoehorn distribution-interconnected resources into this rulemaking, argues that “PURA recognizes that ‘transmission service’ includes delivery service across the ERCOT grid required for participation in the ERCOT wholesale market, whether the resource is interconnected at transmission or distribution voltage. The statutory definition of ‘transmission service’ expressly includes ‘transmission over distribution facilities.’” But PURA § 35.004 never uses the term “transmission service.” Instead, the Legislature specifically limited amended PURA § 35.004 to generation resources connected to the “transmission system at transmission voltage.”

The Commission cannot act without a grant of authority from the Legislature. Because the Legislature could have, but chose not to, include distribution-interconnected resources in HB 1500, the Commission should deny Hunt’s request as outside the grant of authority in HB 1500.

Furthermore, with respect to OPUC’s suggestion that the allowance for generation resources be capped at 25% of the TSP’s total costs, TNMP respectfully disagrees. In effect, this 25/75 split would require generators to bear 75% of transmission interconnection costs no matter where the generator chooses its new site to be located. Yet, such a new substantial cost for generation resources would likely have a chilling effect on new generation and disincentivize

building such generation in Texas. The purpose of HB 1500 was to encourage efficient siting for new generators, as OPUC acknowledges, not to fully discourage building new generation. OPUC's proposal, however, would likely do just that and goes far beyond encouraging efficient siting. As a result, OPUC's 25/75 proposal should be denied.

Finally, TNMP supports the reporting requirements suggested by Oncor in section "D" of its Initial Comments. Specifically, TNMP supports having the interconnecting TSP report to ERCOT, and for ERCOT to publish, the total cost for each generator interconnection that begins taking service under an SGIA, including the total amount of any contribution in aid of construction ("CIAC") paid by the generation resource, rather than beginning a new protocol process. TNMP also supports the suggestion that the new rule require ERCOT to publish the report on an annual basis.

II. CONCLUSION

TNMP appreciates the Commission's consideration of the issues in this docket and the thoughtful approach to implementing House Bill 1500, Section 9.

Respectfully submitted,

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