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**PROJECT NO. 55718**

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| **RELIABILITY PLAN FOR THE PERMIAN BASIN UNDER PURA § 39.167** | **§ § §** | **BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS** |

**ONCOR ELECTRIC DELIVERY COMPANY LLC'S RESPONSES TO STAFF'S QUESTIONS FOR STAKEHOLDER COMMENT RELATED TO ERCOT'S PLAN**

Oncor Electric Delivery Company LLC (Oncor) respectfully submits the following responses to Staff's Questions for Stakeholder Comment Related to ERCOT's Plan. These responses are timely filed on or before August 9, 2024.

## I. INTRODUCTION

Oncor appreciates the Public Utility Commission of Texas ("Commission") diligently working to ensure that the fast-developing load in the Permian Basin can be adequately served in a timely manner. Oncor's service territory includes a significant portion of the Permian Basin region, and Oncor has been closely monitoring the load growth occurring there. In 2020, Oncor published the IHS Markit Study that brought attention to the unprecedented Permian Basin load growth, which is only expected to accelerate in the near future.[1] Oil and gas operators confirmed and expanded upon that study in December 2022 in identifying the same trend of growing load.[2] ERCOT's recent Permian Basin Reliability Plan Study Report ("ERCOT Study") filed in this project[3] confirms the unmistakable trajectory of increasing customer needs in this region.[4]

Moving expeditiously to fully and timely serve all customers in the Permian Basin is crucial to the Texas economy, industry, and to Oncor, which has a statutory obligation to provide

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[1] *Reports of the Electric Reliability Council of Texas*, Project No. 27706, ERCOT Letter to Commissioners – Follow-Up Status Update on Permian Basin Improvement Ideas for the Transmission Planning Process (Apr. 27, 2020) (attaching Oncor-commissioned IHS Markit study). ERCOT later noted it found the IHS study's load forecast reasonable. *Id.*, ERCOT Letter to Commissioners – November 2020 Supplemental Status Update on Permian Basin Improvement Ideas (Nov. 18, 2020).

[2] *Regional Transmission Reliability Plans*, Project No. 55718, Electrifying the Permian Basin (S&P Global, Dec. 2022) (filed Nov. 25, 2023).

[3] *Reliability Plan for the Permian Basin Under PURA §39.167*, Project No. 55718, ERCOT Permian Basin Reliability Plan Study Report (Jul. 25, 2024)

[4] ERCOT also conducted recent studies of the Delaware Basin and approved a series of projects using a tiered approach based on increasing load triggers. The ERCOT Study in this project already assumes all of the Delaware Basin projects are in service.

continuous and adequate service to all customers in its certificated area. In 2023, the Legislature took a significant step toward this goal by enacting House Bill ("H.B.") 5066, now codified in relevant part at PURA[5] § 39.167. H.B. 5066 aimed to help transmission construction keep pace with customer demand, particularly in the Permian Basin, by "spur[ring] a bolder, more proactive approach that better syncs the transmission planning and construction process with the dynamic needs of Texas customers . . . ."[6] To this end, H.B. 5066 requires ERCOT and the Commission to develop a reliability plan for the Permian Basin that: (1) extends transmission service to areas where mineral resources have been found; (2) increases available capacity to meet forecasted load; and (3) provides available infrastructure to reduce interconnection times in areas without access to transmission service.

The ERCOT Study is an important step toward meeting the objectives of H.B. 5066. It proposes a suite of local transmission projects to reduce interconnection times and serve new load, as well as new transmission import paths to efficiently move power to the Permian Basin. And it focuses not only on oil and gas load, but all others desiring service on the open access transmission system.[7] The Commission will take the next major step—perhaps the most important one—by approving a Permian Basin plan based on the ERCOT Study.

Commission Staff's questions for comment in this Project will aid the Commission in making policy decisions regarding the design and execution of the Permian Basin plan. The following four principles reverberate throughout Oncor's responses to Staff's questions, both in this Project and in Project No. 55249 addressing extra high-voltage ("EHV")[8] transmission lines in ERCOT. Oncor urges the Commission to keep these key principles at front of mind to ensure that the Permian Basin plan satisfies the statutory objectives of H.B. 5066 and provides the maximum benefit for customers in this key area of the State:

1. The Permian Basin plan should not be phased or otherwise divided between "local" and "import path" projects. The ability of the local projects to fully serve the projected

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[5] Tex. Util. Code Ann. §§ 11.001-66.016 ("PURA").

[6] 88th Texas Legislature, Senate Bus. & Comm. Cmte. Bill Analysis of H.B. 5066 (May 10, 2023).

[7] Because TSPs must provide non-discriminatory service and open access to the transmission grid, they cannot reserve capacity for a particular type of customer.

[8] For purposes of these comments, Oncor assumes Staff's use of "EHV" in the questions for comment refers to 500 or 765 kV, not 345 kV. Accordingly, Oncor uses the term herein consistent with that assumed intent.

load in the Permian Basin will depend on the development of new import paths. The two must be completed in tandem.

2. Establishing new import paths expeditiously, whether at 345 kilovolts ("kV"), 500 kV, or 765 kV, is more critical to fully serving the Permian Basin than is the selection of a particular operating voltage. The Commission should not delay approving new import paths, even if doing so requires building flexibility into the Permian Basin Plan and CCN proceedings to allow transmission service providers ("TSPs") to potentially pivot between voltages as the Commission's study of EHV progresses.
3. Given the numerous studies of Permian Basin load in the recent past, the ERCOT Study should represent the conclusion of the ERCOT stakeholder process. The Commission should determine these projects are ready for CCN preparation and do not need another round of Regional Planning Group ("RPG") or other type of ERCOT review.
4. If the Commission pursues an EHV option, either as part of the Permian Basin Plan or separately, the addition of EHV transfer capabilities will represent a key change for the ERCOT system. The Commission should carefully deliberate on its objectives for a potential EHV system (*e.g.*, efficiently moving bulk power across the State or increasing system capacity while maintaining a highly networked EHV system with direct load and generation interconnections) and make policy choices that support those objectives in the design of that system.

These principles inform Oncor's comments below and can assist in the Commission's decision-making as it considers the best option to fully serve the Permian Basin consistent with the statutory objectives embodied in PURA § 39.167(b).

## II. RESPONSES TO QUESTIONS FOR COMMENT

### A. PLAN

**1. Should the Commission approve a *phased* plan for the Permian Basin? In other words, should there be a first phase to be implemented by 2030 and a second phase to be implemented by 2038? Or should the Commission approve a single, complete plan?**

No, the Commission should not approved a phased plan; the Commission should approve a single, complete plan in order to meet the needs of the customers and execute the Legislature's intent. PURA § 39.167 contemplates a single plan to: (1) extend transmission service to areas with mineral resources; (2) increase available capacity to meet forecasted load; and (3) provide infrastructure to reduce interconnection times in areas without transmission service. The ERCOT Study divides the recommended upgrades into a 2030 phase for "local" projects (addressing Objectives 1 and 3) and a 2038 phase for "import path" projects (addressing Objective 2). Separating the projects this way makes sense in the context of the ERCOT Study, given the six-

year planning horizon and the need for direction from the Commission on EHV. But dividing the implementation in this way would effectively create two separate plans and result in Objective 2 not being fully met until 15 years after enactment of PURA § 39.167. This is not the "bolder, more proactive approach" the Legislature intended. The additional time required to study EHV does not justify delaying the new import paths for an additional eight years. ERCOT expects 90% of the projected load in the Permian Basin to materialize by 2030.[9] Utilities must provide continuous and adequate service to all customers on a non-discriminatory basis, regardless of the type of load. The ability to fully and timely serve this new load will depend on the import projects being available. It is an oft-cited truism that the transmission line planning, certification and construction processes take longer to complete than customers' load-creating projects. That observation remains true not only about oil and gas operators, but also regarding the AI data centers, crypto mines, and other new customers bringing large new loads onto the system. Delaying the import path projects beyond 2030 will likely render customer loads again unable to be served in a timely manner because of a lack of capacity. Such an outcome would frustrate the second objective of H.B. 5066.

**2. To expedite the buildout of import paths into the Permian Basin while research and discussion of the optimal use of an Extra High Voltage (EHV) network in ERCOT system is underway in Project No. 55249, should this reliability plan consider a mixture of 345 kV and EHV options?**

No. The most prudent and direct course to fulfilling the statutory requirements of H.B. 5066 is to approve the full 345 kV plan now (including both local and import path projects). Expanding 345 kV system capability now will meet immediate needs as well as the industry's anticipated growth required by the statute.

The new 345 kV transmission lines would provide needed import capacity to the Permian Basin and relieve constraints on the existing 345 kV system. There is no risk that a new 345 kV transmission line to the Permian Basin will sit idle given the loading on the existing transmission system. And its presence would allow the Permian Basin load to be fully and timely served while buying the Commission time to deliberate on whether and how to incorporate EHV into the ERCOT transmission system. Furthermore, as import paths are energized, they will relieve some

[9] ERCOT Permian Basin Reliability Plan Study Report, at 6-7 (Jul. 25, 2024).

of the pressure on the existing 345 kV system and allow TSPs to take lines out of service and avoid hot (*i.e.*, energized) work, which could provide avoided costs on successive projects. But this benefit only exists if import paths are certificated and constructed in tandem with the local build-out.

Comprehensive planning is needed to thoughtfully design an optimal EHV system. This will require both technical data and policy deliberations. But Permian Basin customers may not have time to wait for that process to complete.

If the Commission wishes to retain flexibility in its decision, it could approve the 345 kV import paths now and instruct TSPs to prepare their CCN applications with the optionality to be approved at 500 or 765 kV if the Commission subsequently decides to take that action. In the interim, TSPs could develop CCN packages with cost estimates and routing studies contemplating sufficiently wide right-of-way ("ROW") to accommodate EHV options if the Commission elects to take that step.

Another option is to approve the import projects to be built at EHV now, but operated at 345 kV for an interim period, until the EHV plan is fully developed and the EHV system is fully built out. With appropriate direction on future EHV technical requirements, TSPs could plan, route, and obtain ROW for EHV transmission lines and station facilities, but initially operate them at 345 kV. Operating EHV facilities at lower voltages would require TSPs to install specialized equipment and apply procedures for voltage control. But the additional flexibility this option offers could outweigh the incremental cost of voltage-support equipment. It is important to note, however, that the same logic does not apply in reverse. TSPs cannot readily upgrade 345 kV facilities to EHV due to the substantial additional costs to rebuild a new transmission line, constraints on the system that could prevent TSPs from taking an outage to complete upgrades, additional ROW requirements for EHV, service interruptions to generation or load directly connected to 345 kV lines, and potential easement restrictions limiting the maximum operating voltage of facilities in the ROW.

3. **What would be the impact to implementation of the plan if the Commission approves the plan for all the common local transmission projects to permit the utilities to expeditiously file CCN applications but delayed the approval of the import paths until after ERCOT completed its EHV Study in 2024? Please address in detail both the benefits and risks of this potential process.**

Given the current location of generation on the system and the high load factor of many Permian Basin customers, there are already hours of the day that the Permian Basin region imports power from other areas of ERCOT. Building the common local projects to serve new load, without also building new import paths, will intensify the existing constraints. This will likely leave substantial customer load unserved until import paths are established. The plan the Commission ultimately approves for the Permian Basin region should discard the "local" vs. "import path" project distinction, which may give some the misleading impression that local projects can be completed and fully serve the Permian Basin's load without creating new import paths. This distinction is a function of the way the projects were studied, but it does not reflect how the new load in the Permian Basin will actually develop nor the timing of infrastructure necessary to serve it. Even using the 2030 and 2038 paradigms adopted in ERCOT's Study, import paths were required by 2030, which shows neither project type should be relegated to a subsequent, second tier.[10] Consistent with Oncor's comments provided at the June 2024 workshop relating to the ERCOT Study, the Commission should not consider separate tiers or approval timelines for these projects.

The import needs of the Permian Basin are exacerbated under low-solar scenarios (*e.g.*, cloudy days, winter), situations not specifically addressed in the ERCOT Study. The need for additional import capabilities may thus be even greater than the ERCOT Study suggests. Waiting to approve new import paths will create a substantial risk that the Permian Basin region cannot be adequately served, undermining the objectives of PURA § 39.167.

Even if approving a single, complete plan now requires the Commission to approve the import paths at 345 kV, that is no reason to delay development of the import paths. As mentioned above, ERCOT needs new 345 kV transmission facilities. And with the Commission's approval,

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[10] *See, e.g.*, ERCOT Study, Executive Summary at p. v ("For 2030, two new double-circuit 345-kV import paths would be needed to serve Permian Basin Load…."); *id.* Figure E.2 at p. vii (map showing same); *id.* Table E.2 at p. x (acknowledging same).

TSPs can plan and file CCNs in a way that provides flexibility to pivot to higher voltages if the Commission decides to pursue that approach.

## B. AFFORDABILITY AND COST

**4. With the understanding that the cost of these projects will be passed along to all the ratepayers in ERCOT, what considerations should the Commission address to minimize rate impacts? Are there any guardrails the Commission should implement?**

The Commission has sufficient guardrails to monitor, supervise, and exercise control over rate impacts to customers. The CCN process allows the Commission to evaluate the estimated costs of new transmission projects, use that data to select the most cost-effective routing alternative, and approve, modify, or deny proposed projects based on estimated costs. After the Commission approves projects, monthly construction progress reports ("MCPRs") required under 16 Tex. Admin. Code ("TAC") § 25.83 provide a detailed breakdown of cost and regular project updates as well as a final cost once the project is complete.[11] Schedule M of the Commission's rate-filing package requires utilities to highlight and explain project variances that exceed their estimated costs by more than 10%, allowing the Commission to easily identify and investigate significant cost overruns. And the prudence review in base-rate proceedings gives the Commission an opportunity to disallow recovery of any costs that were imprudently incurred.

To the extent the Commission feels additional tools are needed to monitor costs, it could adopt enhanced project tracking. For example, it has required quarterly reporting Lower Rio Grande Valley projects in Project No. 52382. Because 345 kV projects are routinely constructed in ERCOT today, this option would be more beneficial if it specifically focused on EHV upgrades and is probably unnecessary if the Commission adopts a 345 kV solution.

Finally, Oncor notes that, unlike the CREZ projects, which were built primarily for generators but paid for by customers, the Permian Basin upgrades are designed to serve customer load. Customers will share in both the costs and the benefits of this plan. As the customer load on today's ERCOT system is almost double what it was during the CREZ buildout, the share of the total cost borne by individual customers will be proportionally smaller than the CREZ projects.

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[11] As the Commission Staff builds out its MCPR portal, it will have ready access to increasingly robust information on cost accountability.

5. **Are there specific costs not captured in ERCOT's study, such as reactive compensation devices, auto transformers for EHV if the Commission chooses EHV, and series compensation equipment? If so, what are those costs?**

Yes. Reactive compensation devices, including static synchronous compensators (STATCOMs) and static VAR compensators, will likely be required even if the Commission approves an all-345 kV plan. These costs are not reflected in the ERCOT Study. The exact mix of devices that will be needed will depend on how load and generation patterns develop in the coming years. Attachment 1 to Oncor's comments filed in Docket No. 55249 provides a table comparing 345, 500, and 765 kV procurement, engineering, life expectancy, lead time, and estimated costs for lines, stations, and key equipment such as autotransformers and shunt reactors.[12] Further study would be required to determine the necessary level of investment in these types of devices.

6. **In approving this plan, how can the Commission ensure cost effectiveness for the listed projects? Please explain in detail and specifically address risks and offer potential mitigation solutions relating to:**

   **(a) Load forecast, because this will be the first time the Commission will rely on load forecast methodology based on PURA § 37.056(c-1).**

The Legislature enacted the change in load forecasting methodology because the old framework was resulting in an ERCOT system that failed to keep pace with customers' needs. The goal is to have the infrastructure available to timely meet customer's needs. The Commission has credible load estimates on which it can rely in approving the Permian Basin Plan. As discussed in the Introduction, the Commission and ERCOT now have access to 3 robust studies in recent years that have built on each other to identify escalating load needs in the region. While the prior 2 studies by IHS Markit and oil and gas operators primarily focused on oil and gas-related loads, the ERCOT Study's expansion to review all load types simply confirms the keen needs of the area.

TSPs have already provided load information for the ERCOT Study.[13] And the Commission could certainly require additional load information and/or load forecast

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[12] *Regional Transmission Reliability Plans*, Project No. 55249, Oncor's Responses to Questions for Comment on EHV Transmission Lines in ERCOT, at Attachment 1 (Jul. 29, 2024). Oncor developed this table in coordination with its corporate affiliate, San Diego Gas and Electric, which has a long history of operating 500 kV facilities.

[13] ERCOT Study, Cover Letter at 1 ("Throughout the past seven months, TDSPs have provided substantial input on the methodology and assumptions used in the study as well as critical information about loads, transmission infrastructure, and facility costs, among other things.")

methodologies when TSPs file CCN applications for the Permian Basin Plan projects, which the Commission can review at that time. TSPs (and likely ERCOT) will continuously review these projects as load continues to develop in the Permian Basin region to ensure the objectives of H.B. 5066 are being met.

Given the existing constraints on the ERCOT system, any risk of the projected load failing to materialize will be mitigated by the congestion relief the new transmission pathways will provide. As the Bill Analysis of H.B. 5066 expressly recognized, load develops much faster than the transmission planning, approval, and construction processes. This asymmetry counsels in favor of building enough new capacity to timely serve the projected load rather than viewing load projections with undue skepticism or a "wait and see" approach. Indeed, this is exactly the "bolder, more proactive approach" H.B. 5066 requires. There is already a need for additional 345 kV pathways in ERCOT, so even if the new facilities serving the Permian Basin are less heavily loaded than current load projections suggest, they will still be used and useful to ERCOT TSPs and customers to transfer bulk power and relieve existing constraints.

**(b) Cost estimates, because projects will not be vetted through ERCOT's Regional Planning Group, the stakeholder committee that regularly reviews proposed transmission projects.**

ERCOT's RPG and broader stakeholder community have been afforded robust opportunities to comment on the overall ERCOT Study and the proposed transmission projects within it. In fact, given the visibility and scope of the Permian Basin Plan, it has received broader and deeper stakeholder review than a typical RPG project receives.[14] The results of the ERCOT Study published in this project reflect ERCOT's recommended options after considering that feedback.

Typically, ERCOT performs an alternatives analysis that assists in identifying the most cost-effective solution among the options evaluated to address an identified transmission need. The analysis at the RPG and independent review level focuses on estimated cost *comparisons* among different potential alternatives in recommending a particular transmission project solution.

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[14] ERCOT Study, Cover Letter at 1 ("ERCOT has also received valuable input from stakeholders at the monthly meetings of the Regional Planning Group (RPG), where ERCOT provided updates on the progress of the study, and at the June 28, 2024 Permian Basin Reliability Plan Study Workshop, where ERCOT discussed the preliminary results of this study. Finally, ERCOT's development of this Reliability Plan has benefited greatly from guidance provided by the Commissioners and Commission Staff.")

But the purpose of such analysis ultimately focuses on the need for a given reliability project compared to other viable alternatives.[15] ERCOT and RPG's review does not granularly focus on the reasonableness of estimated costs for that particular project in isolation, for several reasons. First, planning stage cost estimates for transmission projects necessarily focus on the big picture, such as estimating line length based on straight-line distances between endpoints.[16] Those data points provide a useful means of comparing potential project alternatives nearby, because the routing factors that may influence project costs are presumably common to both nearby endpoints (*e.g.*, rugged area topography would likely affect cost of two nearby project alternatives similarly). Second, the due diligence process built into a CCN routing study has not yet taken place at the planning stage. Therefore, data on actual route lengths, number of turns, ROW costs and other details that bear on cost estimates simply do not yet exist at that stage. Third, the CCN process provides the appropriate avenue for vetting the estimated project costs. TSPs will submit detailed cost estimates with their CCN applications for the Permian Basin projects, just as they do for CCN projects that undergo the standard RPG review.

In Oncor's view, delaying these projects by requiring RPG to again review, at an individual project level, portions of the Permian Basin Plan would create additional costs and increase the challenge of completing projects within the planning window to a degree that outweighs any potential benefits. As previously described, the Commission will still be able to review and approve estimated costs in each project's CCN, monitor project progress through MCPR filings, require more detailed project cost monitoring if necessary, and review the reasonableness of actual project costs in a base rate case.

## C. CCN PROCESS

**7. How should the Commission address any project in the plan in which more than one Transmission Service Provider can claim the legal right to build it?**

PURA § 37.056 governs the right to construct new projects in ERCOT. However, there may be projects under the Permian Basin Plan for which TSPs disagree on whether the statute provides clear guidance. For example, certain rebuild projects and projects that insert a new

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[15] In contrast to reliability-based projects, economically-based projects are evaluated by different criteria not applicable here.

[16] To account for routing variation, ERCOT now typically uses a 20% adder to straight-line distances.

endpoint between two existing endpoints may draw competing claims from TSPs. Oncor recommends that the Commission address these claims by instructing ERCOT to develop a list of all projects approved as part of the Permian Basin Plan and provide ownership for existing facilities relating to each project. ERCOT could then distribute this list to TSPs, who will indicate which projects they believe they have the right to construct, either in whole or in part. To the extent controversies exist over particular projects, the Commission can resolve those issues through a contested case in which the TSPs can assert the basis for their right to construct each disputed project under PURA § 37.056. Most such disputes would likely involve undisputed facts and pure questions of statutory interpretation that can be addressed through briefing as a matter of law, without the need to present evidence or hold a hearing on the merits. The Commission can then issue a decision assigning responsibility for the disputed projects. This will provide a quick and efficient solution to address projects involving competing claims for construction rights.

**8. Should the Commission consider any procedural changes to its traditional CCN process to account for the complexity and magnitude of the CCN cases?**

Generally, the existing CCN process is sufficiently robust to efficiently manage the CCNs required for the Permian Basin projects. However, Oncor offers two suggestions to streamline the CCN proceedings. First, the Commission should clarify that the need for each project identified in ERCOT's Study is entitled to "great weight" afforded to ERCOT-recommended projects under 16 TAC § 25.101(b)(3)(A)(ii). Applying this same finding to the Commission-ordered Permian Basin projects will narrow the focus of the CCN proceedings and help to streamline the approval process.

Second, the Commission should find that PURA § 37.0541, addressing consolidation of CCNs with a common endpoint, either does not apply to CCN rebuilds, or only applies to certain limited pre-hearing purposes. Consolidating CCN projects only provides a benefit when the endpoint is being established for the first time. Requiring utilities to sync their CCN filing timelines to rebuild existing lines could cause delays for many TSPs and interfere with their ability to sequence projects efficiently. When the existence and location of the common endpoint is not subject to reasonable dispute—such as rebuild projects involving a common, already-existing endpoint—application of the CCN consolidation statute would not serve its fundamental purpose and could instead lead to additional procedural hurdles not necessary for some of the anticipated CCN cases. Commission precedent on CCN consolidations, and subsequent severance, supports

this approach. For example, in Docket Nos. 48787 and 48785, the Commissioned initially consolidated, but subsequently severed, two CCN cases involving new, critical-to-reliability, double-circuit 345 kV transmission lines with a common endpoint.[17] The SOAH ALJ consolidated the cases in November 2018 but severed them from each other 3 months later due to the uncontested nature of the issues in one application and potential time savings it could yield.[18]

## D. FINAL ORDER

**9. What, if any, specific items should the Commission's final order include to provide clear and consistent directions for the implementation of the plan to the TSPs, ERCOT, and Staff?**

The Commission may wish to consider establishing a compliance docket to track the progress of the Permian Basin Plan implementation. If the Commission elects to do so, it should include clear language in the Permian Basin Plan final orders requiring TSPs to file status reports in the compliance docket at regular intervals. The Commission ordered TSPs to file status reports on the Lower Rio Grande Valley projects on a quarterly basis, including updates on construction-related tasks, anticipated timelines, progress to date, and an explanation for any delays.[19] These reports could supplement the standard MCPRs if the Commission finds that necessary.

## OPEN QUESTIONS

**10. What unintended impacts or risks might arise out of approving or implementing ERCOT's proposed plan? How could they be avoided or mitigated? Are there any lessons from the Competitive Renewable Energy Zone's implementation that the Commission should consider?**

One important additional consideration will influence both the Commission's decision on the ERCOT Study as well as its broader decision on a potential EHV backbone system. That is, would potential EHV lines focus on bulk power transfer with few, strategically selected station

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[17] *Joint Application of Oncor Electric Delivery Company LLC, AEP Texas Inc., and LCRA Transmission Services Corporation to Amend Their Certificates of Convenience and Necessity for 345-kV Transmission Lines in Pecos, Reeves, and Ward Counties, Texas (Sand Lake-Solstice and Bakersfield-Solstice)*, Consolidated PUC Docket No. 48785, SOAH Order No. 1 at 3 (Nov. 15, 2018).

[18] *Id.* (consolidating); *id.*, SOAH Order No. 10 Severing and Remanding the Bakersfield-Solstice Application (Feb. 22, 2019) (severing because "all issues involving [one project] have been settled and are not contested, and due to the benefits to be gained by obtaining a prompt ruling from the Commission on whether to commence the [settled project]" while noting that neither project involving overlapping routing options or conflicting entries into the common station endpoint and the critical need for the projects along with the potential time savings severance could help achieve to meet the aggressive construction schedule).

[19] Docket No. 52682, Order at 1-2.

locations, or would those lines allow direct interconnection of load and generation similar to how the 345 kV system is used today? The answer to this question helps drive the comparative economics and strategy for using either 765 or 500 kV facilities. This same consideration will also influence the viability of direct interconnections to these lines if the Commission elects to direct EHV construction with interim operation at 345 kV.

**11. Are there any other aspects of ERCOT's proposed plan the Commission should consider?**

None at this time. If necessary Oncor may provide additional comments at a later date.

## III. CONCLUSION

Oncor appreciates the Commission's careful consideration of the important policy issues surrounding implementation of a Permian Basin reliability plan. In order to timely meet the objectives of H.B. 5066, the Commission should keep four key principles in mind: (1) avoid phasing of "local" and "import path" projects, because both types of projects will rely on each other to timely serve load by 2030; (2) if the Commission desires flexibility on import path voltage to consider potential EHV projects, it should direct TSPs to develop CCNs for those projects to potentially pivot to EHV rather than delaying project development while an EHV decision remains pending; (3) these projects have received substantial stakeholder review already and do not need further ERCOT review; and (4) the Commission's determination of its main objective for a potential EHV system—highly-efficient bulk power transfer over long distances, or increased system capacity on highly networked, directly-interconnected EHV system—should influence whether, and at what voltage, it wishes to develop an EHV backbone, both for the Permian and throughout the State. With proper planning and direction based on these key principles, the Commission and TSPs have all the tools they need to efficiently implement a plan to fully serve the Permian Basin.

Respectfully submitted,

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**PROJECT NO. 55718**

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| **RELIABILITY PLAN FOR THE PERMIAN BASIN UNDER PURA § 39.167** | **§ § §** | **BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS** |

## EXECUTIVE SUMMARY: ONCOR'S RESPONSES TO QUESTIONS FOR COMMENT ERCOT'S RELIABILITY PLAN FOR THE PERMIAN BASIN

- ERCOT's July 2024 study on the Permian Basin is the latest in a series of other recent studies of this region, all showing increasing load growth and customer needs in the area.
- Oncor encourages the Commission to follow 4 key principles in adopting a Permian Basin Plan:
  - Discard any differences between "local" and "import path" projects; they should be approved and completed together instead of a phased or two-tier approach. ERCOT's Study shows import path projects are needed by 2030, even using its paradigm of analyzing load at 2030 and 2038 and distinguishing local and import projects.
  - Establishing new import paths expeditiously, regardless of 345, 500, or 765 kV, is critical to timely and fully serving the Permian. The Commission should not delay project approvals, even if that means selecting the 345 kV option now. If it desires to preserve EHV options for these projects, it could direct TSPs to develop CCNs contemplating ROW widths, cost estimates, and other project details with enough flexibility to allow the Commission to adopt an EHV option if it chooses to do so.
  - ERCOT's Study received extensive stakeholder feedback, including through RPG. No additional ERCOT processes are necessary; these projects should move to the CCN development stage as quickly as possible upon Commission approval of a Plan.
  - If the Commission pursues an EHV option, either through these Permian Basin Plan projects or a broader EHV backbone system, it should carefully consider the primary purpose of the EHV system and select a voltage accordingly. Bulk power transfer capabilities over long distances versus a higher capacity network that still allows direct load and generation interconnections represents a key question to answer.
- The Commission has robust guardrails in place to monitor, supervise, and ultimately costs paid by consumers, including: the CCN process, monthly construction progress reports, Schedule M of the rate-filing package, and rate case prudence reviews. It could add quarterly project status reports, similar to the LRGV projects, if it wanted additional visibility.
- Similarly, ERCOT has received significant load information from TSPs, who will continue to review loads and forecast methodologies, and present them in CCN applications as needed.
- A TSP briefing process to resolve any differences over project responsibilities would help to quickly resolve any differences in rights to construct them.
- The Commission could consider clarifying these projects' need at the CCN stage are entitled to "great weight" and that CCN consolidation of common endpoint cases may be unnecessary in some circumstances, such as rebuild projects.