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PROJECT NO. 55718

**RELIABILITY PLAN FOR THE
PERMIAN BASIN UNDER PURA
§ 39.167**

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**PUBLIC UTILITY COMMISSION

OF TEXAS**

**WIND ENERGY TRANSMISSION TEXAS, LLC’S RESPONSE TO STAFF’S REQUEST
FOR COMMENTS ON ERCOT’S RELIABILITY PLAN FOR THE PERMIAN BASIN**

COMES NOW Wind Energy Transmission Texas, LLC (“WETT”) and files these comments in response to the staff (“Staff”) of the Public Utility Commission of Texas (“Commission”)’s Questions for Stakeholder Comment on ERCOT’s Reliability Plan for the Permian Basin, filed in the above-styled proceeding on July 30, 2024. According to Staff’s memo, comments are due by August 9, 2024. As such, these comments are timely filed.

I. WETT’S GENERAL COMMENTS

WETT appreciates the opportunity to provide comments in this proceeding and looks forward to working collaboratively to provide the information and ideas necessary to assist the Commission in formulating the optimal reliability plan for the Permian Basin.

WETT is a transmission service provider (“TSP”) operating exclusively in the Electric Reliability Council of Texas (“ERCOT”) region, where it is already a major contributor of transmission facilities needed to serve the growing load in the Permian Basin. WETT has recently completed transmission projects in the Permian Basin area and has multiple ongoing projects designed to bring additional needed transmission, voltage stability, and generation to the Permian Basin region. WETT has extensive local personnel, offices, and operations, as well as established and long-term relationships with the local political infrastructure and communities necessary for efficiently and amicably acquiring right of way and constructing transmission into and within the Permian Basin. WETT also has established and amicable relationships with other TSPs in the Permian Basin, and it shares their commitment to working together in ERCOT. As a member of

that community, WETT appreciates the Texas Legislature's, ERCOT's, and the Commission's commitment to bringing additional needed local transmission and import capability to the Permian Basin.

While the Commission must take some actions now to support near-term reliability in the Permian Basin, incorporating an extra-high voltage ("EHV") alternative into the optimal and most cost-effective solution to the long-term reliability of the Permian Basin deserves additional study and consideration of costs, more accurate load data, demographics, and future generation as such information materializes or becomes more probable.

Further, a long-term solution using EHV transmission presents an exciting opportunity not only for the Permian Basin region, but also for the ERCOT-wide transmission system. The construction of an effective EHV system is a costly and monumental endeavor. The Commission should carefully consider all options to make the most efficient design and use of such a system to benefit the Permian Basin, as well as all regions of ERCOT. Of particular importance is the ability to construct and begin operating the needed EHV backbone system in a time frame to meet ERCOT's projected need in 2038 – or earlier, as some have projected. To best accomplish this goal while giving full effect to the transmission allocation process in the Public Utility Regulatory Act ("PURA"), the Commission should diversify the allocation of construction, ownership, and operation of the EHV system among existing certificate of convenience and necessity ("CCN") holders based on local presence and past performance. Diversifying the construction and ownership of the EHV system among existing CCN holders will maximize the sources of financing available, while minimizing the strain on individual utilities with ongoing capital commitments, and will accelerate the needed construction and energization process.

This may be effectively accomplished in a similar fashion to the allocation process implemented through the Competitive Renewable Energy Zone (“CREZ”) program, which produced historical transmission additions in record time. The original CREZ process had its drawbacks in the number of applicants, the learning curve in the selection process, and the litigation surrounding the allocation of projects. However, the Legislature has since enacted Senate Bill 1938, which limits the ability to receive CCNs to existing CCN holders.¹ Accordingly, all current CCN holders would be eligible to apply for projects. Senate Bill 1938 also requires the assignment of new transmission projects to the owners of existing facilities,² which would be inapplicable here where no interconnecting EHV facilities currently exist in Texas. Thus, the Commission has a generational opportunity to consider and prioritize competitive factors such as existing TSP’s established local operations and presence, cost effectiveness, and past performance.

WETT Access to Financing

WETT’s owners – Axium Infrastructure Inc. (“Axium”) and Teachers Insurance and Annuity Association of America (“TIAA”) – are very supportive of new opportunities for investment with WETT in Texas. Axium has over \$12 billion under management. TIAA has more than \$1.2 trillion under management. Both have access to significant additional capital through their funding structures, and both have long term relationships with debt market participants to meet all WETT funding needs.

¹ Public Utility Regulatory Act (“PURA”) § 37.056(c), (g); PURA § 37.154(a).

² PURA § 37.056(e)-(f).

WETT's High Voltage Transmission Experience

WETT is a Texas-based utility, fully staffed in-state, with extensive experience in all aspects from financing and engineering to long-term maintenance and operation of transmission facilities. The majority of WETT executives, including the CEO, are registered engineers.

WETT personnel are experienced at designing and maintaining EHV transmission lines in the United States and around the world. For example, WETT's staff have served as consultants on EHV project design, build out, and management in the Nile River Basin with the U.S. Department of Energy, U.S. Agency for International Development, and U.S. Energy Association to the Nile Equatorial Lakes Subsidiary Action Program (treaty members including Ethiopia, Kenya, Rwanda, Tanzania and Uganda). In South America, WETT executives assisted former affiliates in the design and construction of approximately 4,000 miles of EHV lines and 20 500-kV substations, mostly in Brazil, from 2000 to 2015.³

WETT executives have also been involved in former affiliates' 500-kV projects in Africa and 765-kV projects in India. Examples of such projects include:

- A 2011 project to design and build the Tucuruí-Macapa-Manaus 500-kV transmission line spanning the Amazon River to link the capitals of the Brazilian states of Amazonas and Amapá. This project required building 534 miles of 500-kV and 206 miles of 230-kV transmission lines in Brazil, and developing a route and stringing transmission line through ecologically sensitive rainforests and physically challenging conditions.

This particular project is notable for the engineering feats required, including building towers three times the height of the Statue of Liberty on concrete piers sunk deep through the muddy banks of the Amazon river to reach bedrock, but constitutes only a fraction of the nearly 4,000 miles of 500-kV transmission lines built by WETT's former affiliate in Brazil before 2015.

- A 2011 project for Uttar Pradesh Power Transmission Corporation Limited to build, operate, own, and transfer a portion of India's transmission network by adding five transformer substations and approximately 1,000 miles of transmission lines with voltages of 765-kV and 400-kV.

³ WETT's affiliates also built correspondingly large amounts of projects at voltage of 400kV and below in Argentina, Brazil, Peru, Mexico, Africa, the Middle East, India, and Europe.

- The Capanda-Lucala-Viana “turnkey” project to provide a 186-mile 500-kV connection between the hydroelectric power station in Capanda and Luanda, in Angola, west Africa. This project also included the construction of three substations for the Angolan Ministry of Energy and Water.

Expediency and Cost Effectiveness

While no utilities have experience constructing EHV lines in Texas, WETT’s history with major Texas transmission projects is instructive for the possible breadth, expediency, and cost effectiveness of any potential buildout for an EHV backbone in ERCOT. WETT was awarded roughly 500 circuit miles of 345-kV transmission lines and six substations in the CREZ selection process, all of which WETT was able to design, finance, and construct in just over 24 months.⁴ Despite being faced with unanticipated rocky conditions on six of seven segments, WETT was able to adapt and still construct more miles per month than most CREZ providers. In addition to physical obstacles in the field, WETT successfully navigated numerous design changes to accommodate simultaneous local growth in the oil and gas industry⁵ and skilled labor shortages. These same challenges will exist during the planning and buildout of EHV transmission lines in the Permian Basin, so experience in this geographic area should be a significant determining factor in the project allocation process.

The CREZ transmission diversification and allocation process also permitted the most expedient and cost-effective build-out of integrated transmission in ERCOT history.⁶ For example, WETT not only completed its assigned CREZ lines and substations quickly, WETT was

⁴ WETT’s construction on its first line began October 10, 2011; construction was complete on its last line on January 16, 2014. See CREZ Progress Report No. 17, Final CREZ Report at p. 206-221 (Dec. 2014).

⁵ For example, on just one parcel, several drill sites and pipelines were constructed on WETT’s transmission route between the time WETT surveyed the right of way and purchased the easement.

⁶ Barry Smitherman, *Competition in Electricity Transmission is Paying Dividends*, The Hill (Mar. 14, 2018) (former PUCT Commissioner Barry Smitherman stating “Much of the credit for Texas’ success is attributable to the efficient and effective way in which the CREZ lines were completed, which is due in large part to PUCT using a competitive process to select the transmission companies that build the new lines.”).

able to utilize its global contacts to shop the world's qualified material vendors, resulting in early procurement costs nearly \$23,000,000 under budget. WETT's relationships with diverse domestic and international vendors allowed it to both complete projects economically and source long lead time components even during a period of high demand. Furthermore, WETT was able to finance these projects on favorable terms, a feat that may not be possible when consolidating the construction and ownership of a backbone EHV system in one or two utilities, given the potential scope and timeframe needed to meet growing demand.

II. RESPONSES TO STAFF QUESTIONS

- 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?***

RESPONSE:

While certain decisions are necessary at this time to meet the reliability needs of the Permian Basin, WETT cautions against approving a single comprehensive Permian Basin reliability plan before certain long-term decisions may be properly evaluated and strategically incorporated into a holistic reliability plan for ERCOT. Specifically, the Commission should order the construction of local transmission needed to meet the 2030 reliability needs of the Permian Basin. Further, if the local transmission projects would benefit from upgrading to any potential higher voltage, the Commission should consider selecting one of the EHV options, 500 kV or 765 kV, in order to permit the construction of transmission capable of upgrading to EHV.

At this time, it is difficult to evaluate a firm reliability plan for 2038 for two reasons. First, while tremendous load growth is generally projected in Texas, load in the area is not yet committed and rapid growth in the Permian Basin may not be permanent. Second, it is unknown where the generation needed to serve Permian Basin load will be sited. Predicting the status of multiple

open-ended variables in this region 14 years in advance makes any analysis of a complete 2038 plan challenging.

While the specifics of a 2038 plan may fluctuate, it may be beneficial to at least address what voltage will be used to construct a backbone transmission system to support major load growth in the Permian Basin and ERCOT-wide. If a 500-kV or 765-kV system is to be used in the backbone system, then initial planning and construction for 2030 may need to be built around that voltage to permit potential upgrades. EHV transmission lines and infrastructure can be operated at 345-kV until higher voltage is needed, but if backbone lines are built to handle just 345-kV they could not be upgraded to operate at a higher voltage, and Texas would risk missing out on opportunities for optimizing investment and operational needs. Even if the complete details of a 2038 reliability plan are not decided this year, major near-term investments in the statewide transmission system could be more cost-effective and efficiently planned if they are made with longer-term strategy in mind.

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?

RESPONSE:

WETT agrees that the need for further study should be carefully balanced with the need for efficient and strategic EHV buildout. While economic and grid modeling analyses are necessary to optimize the implementation of an EHV network, load and generation growth in the Permian Basin have potential to develop significantly differently than the current study assumes. Conversely, waiting for load and generation to materialize risks delaying transmission development and leaving load underserved. A flexible approach whereby the most urgent and probable local needs are addressed first would allow the Commission more time to analyze and

carefully weigh grid-scale implementation of EHV transmission lines. This path forward would help protect consumers who pay for these system upgrades by being very deliberative about how this infrastructure buildout proceeds.

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.*

RESPONSE:

Some local transmission projects identified in the Reliability Plan are common to several import path options and will be necessary to serve load regardless of the ultimate location of generation or regional import needs. Additionally, local transmission upgrades may incentivize new generation investment in the area. Approving such projects without delay would allow the Commission to address actual and predicted needs in the Permian Basin, while still allowing time to thoroughly review ERCOT's EHV study. Suspending the larger decision on Permian Basin import paths until the EHV Study is complete would allow for a more informed and holistic approach to import paths for the Permian Basin and the role of EHV transmission in a statewide grid buildout, as well as strategic implementation and timing for both. Again, this approach would also safeguard consumers against paying for infrastructure investments that have not been planned to ensure optimal reliability at the least 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?*

RESPONSE:

The most effective means of minimizing rate impacts while promoting reliable investment is through the ratemaking process where only prudent investment will be permitted for recovery. Additionally, implementation strategies the Commission applied in the CREZ process have been

demonstrated to minimize impacts to ratepayers while achieving massive infrastructure upgrades in a timely period. Namely, a diversified allocation process among existing CCN holders naturally serves ratepayers' interests by providing an additional incentive for efficiency that would otherwise not be present.

A diversified application and allocation process can be achieved entirely within the existing framework of PURA and Commission Rules. The Commission's current statutory framework provides the needed guardrails for assigning projects among established Texas utilities. For example, under PURA, the ability to be assigned a transmission CCN is limited to current CCN holders.⁷ However, because there are no existing EHV facilities in Texas, PURA does not automatically assign EHV projects among existing CCN holders.⁸ In order to best allocate these EHV projects, good public policy dictates a diversified application and assignment process among existing utilities based on economic, geographic, operational, and strategic project objectives. The Commission has already demonstrated the strengths, benefits, and feasibility of such a process through the successes of the CREZ buildout, and it has the opportunity and ability to realize those benefits again if used to implement an EHV backbone network.

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?

RESPONSE:

Further study for an EHV backbone system could include a complete engineering analysis of all of the options, including analysis of any potential additional needs that have not yet been

⁷ PURA § 37.056(e), (g) ("A certificate to build, own, or operate a new transmission facility that directly interconnects with an existing electric utility facility or municipally owned utility facility may be granted only to the owner of that existing facility"); PURA § 37.154(a).

⁸ See PURA § 37.056(c)-(f).

identified. Such needs might include reactive compensation for the 500-kV and 765-kV options presented by ERCOT.

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

RESPONSE:

To ensure cost efficiency when forecasting load, WETT suggests the Commission determine what specific transmission development is needed for various levels of load growth and prioritize those projects found more urgently needed. For example, projects that are foundational to all load growth projections can take highest priority. A transmission project that would be needed with 25 percent of the projected load growth would be prioritized over a project that would only be needed after 75 percent of the projected load growth. ERCOT should also update the load growth and capacity needs annually to incorporate new information for prioritizing projects in future phases. This prioritization would allow assigning various phases and could assist in better review and assessment of the projects that may be needed to achieve reliability in the Permian Basin. In addition, with 59 percent of the non-oil and gas load estimated to be cryptocurrency, this approach would allow more time to better study the market-based price responsiveness to these loads, noting that ERCOT counted these loads as firm when they could be more price responsive.

While the Regional Planning Group ("RPG") vets transmission needs and options for meeting those needs, it seldom opines on the cost of any individual option, and does not opine on

the relative costs among existing utilities. Thus, the absence of RPG review will not greatly affect the allocation process or the typical rate case review of prudent costs.

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?*

RESPONSE:

As pointed out by several major TSPs in Docket No. 55429, 345-kV infrastructure cannot be used to operate EHV lines,⁹ with one TSP explaining in detail why existing transmission facilities should not be used for upgrading to EHV due to unworkable logistical constraints.¹⁰ Beyond the fact that existing 345-kV facilities cannot be used to operate EHV lines and are not a feasible foundation for upgrading to EHV, there are no existing EHV transmission endpoints within ERCOT. Thus, utilities do not have legal claims to new EHV project ownership as they might with existing backbone 345-kV lines.¹¹

The lack of EHV endpoints allows the Commission flexibility to apportion ownership of new facilities among existing CCN holders. This generational opportunity should be approached strategically to further Texas' energy expertise and increase reliability and resiliency in the region.

The Commission may use an allocation process similar to that used to determine CREZ line ownership. A similar process tailored for existing CCN holders in this new stage of grid evolution would permit the Commission to consider and prioritize competitive factors such as a

⁹ *Regional Transmission Reliability Plans*, Docket No. 55249, AEP Texas Inc. and Electric Transmission Texas, LLC's Response to Staff Questions on Extra High Voltage Transmission Lines at 8 (July 26, 2024); Docket No. 55249, Oncor Electric Delivery Company LLC's Response to Staff Questions on Extra High Voltage Transmission Lines at 6 (July 29, 2024).

¹⁰ Docket No. 55249, Oncor Electric Delivery Company LLC's Response to Staff Questions on Extra High Voltage Transmission Lines at 6-7, 10 (July 29, 2024) ("Existing 345 kV facilities would not serve as the ideal pathway for upgrading to higher voltage. First, it would be very difficult to take the appropriate outages on existing lines already under strain Second, existing transmission facility [right of way ("ROW")] is significantly narrower than the width needed for 500 or 765 kV facilities, and often that ROW will contain a provision limiting facility voltage. Third, generation and load depend on their existing connections at current system voltage levels. . . . [E]xisting transmission facilities and ROW should not be used for upgrading to 500 or 765 kV facilities").

¹¹ PURA § 37.056(c).

TSP's local operations and presence, cost effectiveness, and past performance. Allocating ownership of EHV projects among a diversified pool of existing CCN holders accomplishes several strategic financing, construction, reliability, efficient operations, and timing objectives, while allowing the focus to turn immediately to implementation rather than ownership disputes. This process would also benefit ratepayers by working towards the most cost effective approach to construction of this large infrastructure project.

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

RESPONSE:

Selecting an EHV option would magnify sticking points in the CCN process due to the quantity and magnitude of CCN proceedings that would be required. Additionally, EHV transmission lines typically require wider rights-of-way than 345-kV lines,¹² which is likely to exacerbate routing concerns. While routing options that follow property lines are typically preferred due to landowner considerations, approving straight line routes for EHV transmission lines would be a cost-effective and efficient alternative option.

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?*

RESPONSE:

Please see WETT's general comments above.

¹² See Docket No. 55249, LCRA Transmission Services Corporation's Response to Staff Questions on Extra High Voltage Transmission Lines (July 29, 2024); Docket No. 55249, AEP Texas Inc. and Electric Transmission Texas, LLC's Response to Staff Questions on Extra High Voltage Transmission Lines (July 26, 2024); Docket NO. 55249, Cross Texas Transmission, LLC's Response to Staff Questions on Extra High Voltage Transmission Lines (July 29, 2024); Docket No. 55249, Oncor Electric Delivery Company LLC's Response to Staff Questions on Extra High Voltage Transmission Lines (July 29, 2024); Docket No. 55249, South Texas Electric Cooperative, Inc., Brazos Electric Power Cooperative, Inc., Golden Spread Electric Cooperative, Inc., and Rayburn Country Electric Cooperative, Inc.'s Response to Staff Questions on Extra High Voltage Transmission Lines (July 29, 2024).

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 Zones implementation that the Commission should consider?

RESPONSE:

The Commission achieved a tremendous amount of least-cost transmission buildout in an efficient and timely manner during the CREZ process. As stated by a former PUCT Commissioner, the success of CREZ was “due in large part to PUCT using a competitive process to select the transmission companies that built the new lines.”¹³ A competitive and diversified approach to allocating EHV lines additionally allows for the assignment of project financing, construction, and operation across various existing transmission owners.

Texas' implementation of the CREZ process and construction of the CREZ lines received broad admiration nationally, was widely considered successful, and was frequently (and deservedly) cited as a model for how transmission planning and construction could work. This makes the process a good template to follow for the development of any EHV backbone transmission network. In the CREZ case, the PUCT was tasked with determining the most “beneficial and cost effective” plan for Texas ratepayers. Parties interested in building the new system were required to submit plans and potential costs to the Commission, with the participants subjected to a discovery process to further compare relative capabilities and efficiencies. Key lessons from the process include (among other things) that:

- Requiring cost estimates from applicants, while useful in comparing relative proposals, often resulted in cost estimates that were not reflective of the real world where many variables affecting ultimate costs could not be captured by preliminary

¹³ Barry Smitherman, *Competition in Electricity Transmission is Paying Dividends*, The Hill (Mar. 14, 2018) (former PUCT Commissioner Barry Smitherman stating “Much of the credit for Texas' success is attributable to the efficient and effective way in which the CREZ lines were completed, which is due in large part to PUCT using a competitive process to select the transmission companies that build the new lines.”).

bids. This problem was noted repeatedly by Staff and various parties to the CREZ proceedings from the beginning of the hearing to the end.¹⁴

- Objective metrics that could be used in deciding between competing applicants indicate the public interest is better served when:
 - Large scale transmission awards go to applicants with large scale transmission building experience in the local region, which allows for operational continuity and efficiency. This also minimizes the risk of project delays or non-completion and utilizes parties that have the potential to leverage past volume to obtain low material costs;
 - Projects go to applicants with relatively secure financing. This minimizes the risk of non-completion and utilizes parties that can obtain cost-effective debt;
 - Awards do not over-stress individual utilities that have existing enormous capital commitments – in other words, too many eggs are not put in one basket. This minimizes risk to the financial health of the grid for the reliability and economic benefit of all Texans; and
 - Awards go to those able to set forth a plan to complete projects as quickly and competently as possible. This minimizes the lost opportunity costs and costs associated with idling generation plant.

To maximize the benefits possible with an EHV system, a scalable or phased plan for the Permian Basin would permit an economic and reliable solution to address immediate local needs while allowing import needs and EHV alternatives to be considered holistically. It is possible that load and generation development in the region may significantly affect 2038 needs, or even reduce the need for certain import paths. A phased approach would best allow the Commission to address local needs without incurring major investments that may become obsolete in the next decade, while developing optimal strategies and processes for implementing an EHV solution.

¹⁴ See e.g., comments of Cities Served by Oncor (Tr. Vol. 2 p. 123); Testimony of Staff's Brian Almon and Mike Lee (Tr. Vol 5 pp. 1219-20) (Q: "...you found it unreliable to attempt to use the estimates for the cost of construction as a basis for making a decision. Is that true?" A: (Almon) "I'll start off with that. It is in my testimony that we could not reach a definitive conclusion in evaluating those numbers, and I'll let Mr. Lee follow up, if he would like." A: (Lee) "I have no follow-up unless you have a specific question you'd like to ask about that." Q: "Well, my follow-up question would be y'all have been through most of the hearing or heard a great deal of it. Have you heard anything so far through the course of the hearing that would cause you to change your opinion?" A: (Almon) "No, I have not." A: (Lee) "Nor have I.").

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

RESPONSE:

While the proposed plan is instructive and demonstrates immediate local needs in the Permian Basin, many of the assumptions used in longer-term modeling are contingent and may already be outdated or inaccurate. For example, the Generation Interconnection Allowance rule, approved in Docket No. 55566,¹⁵ has spurred renewable generation development in the area that may impact the study reduce the import needs of the region.

Additionally at this time, the study can only model new generation projects that are already in the queue and have expected commercial operation dates prior to 2030. However, many of the projects that meet that criteria are large batteries in east, central, and south Texas with 2-hour capacities that are not suited to serve firm, 24/7 load. Additional or different generation that may be incentivized by the \$10 billion in Texas Energy Fund grants may impact the level or location of generation. Meanwhile, massive transmission investment in the Permian Basin is likely to motivate new generation development, just as the CREZ buildout did. Considering this, if given more time, ERCOT might consider proposing system upgrades and import paths that are suited to encourage wind, solar, and dispatchable gas generation development.

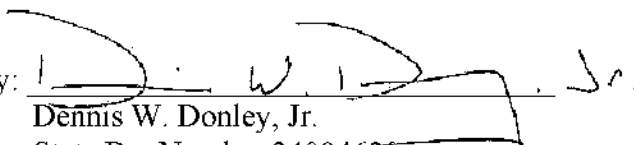
Lastly, the timing of the required study means that the loads modeled in the study are not comprehensive and likely both over- and under-include various types of load. For example, roughly 60 percent of non-oil and gas loads modeled in the study are related to cryptocurrency mining projects, which may or may not come to fruition or operate long-term. Conversely, many other large load interconnection requests were not able to be modeled in ERCOT's study because they were not received before the data collection cutoff. Due to the number and volatility of

¹⁵ *Generation Interconnection Allowance*, Project No. 55566, Order Adopting Amendments to 16 TAC §25.195 (Feb. 15, 2024).

assumptions that were needed to complete ERCOT's current study in the short time frame required, WETT suggests further study may be warranted for a 2038 plan for the Permian Basin. As stated above, a phased approach would allow current or highly probable needs to be timely addressed while further analysis is conducted for longer-term planning.

Respectfully submitted,

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PROJECT NO. 55718

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PERMIAN BASIN UNDER PURA
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WETT EXECUTIVE SUMMARY OF COMMENTS ON STAFF QUESTIONS

- WETT is a TSP operating exclusively in the ERCOT region, and is already a major contributor of transmission facilities needed to serve the growing load in the Permian Basin.
- WETT has recently completed transmission projects in the area and has multiple ongoing projects designed to bring additional needed transmission capability, voltage stability, and generation to the Permian Basin region.
- WETT has extensive local personnel, offices, and operations, as well as established and long-term relationships with the local political infrastructure and communities necessary for efficiently and amicably acquiring right of way, constructing transmission, and maintaining and operating new facilities into and within the Permian Basin.
- WETT personnel also have extensive experience in EHV planning, construction, and operation.
- A phased approach to ordering a reliability plan for the Permian Basin is most appropriate due to the number of unknown variables that will dictate regional load and transmission requirements. The load and capacity inputs for the plan should be updated annually to better assess transmission need in future phases.
- For purposes of the Commission's order on ERCOT's reliability plan, the need for various local transmission projects should be assigned a priority based on the level of load growth at which the project is needed, with priority given to the most urgent projects.
- A long-term solution using EHV transmission presents an exciting opportunity not only for the Permian Basin region, but also for the ERCOT-wide transmission system, and deserves further study.
- The construction and operation of an effective EHV system is a costly and monumental endeavor. Of particular importance is the ability to construct the needed EHV backbone system in a time frame to meet ERCOT's projected need in 2038, or earlier as some have projected.
- To best accomplish this goal, the Commission should diversify the allocation of construction, ownership, and operation of the EHV system among existing transmission CCN holders based on local presence with current operations and facilities to maintain the new investment.
- Because the Commission is not constrained by existing endpoint ownership for EHV facilities, it has the opportunity to thoughtfully design a project application and allocation process to strategically implement the construction, ownership, and operation of any EHV backbone system among existing CCN holders.

- Diversifying the construction, ownership, and operation of the EHV system will maximize the sources of financing available, while minimizing the strain on individual utilities with ongoing capital commitments, and will accelerate the needed construction and energization process.