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PROJECT NO. 55718

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

COMMENTS OF
CONSERVATIVE TEXANS FOR ENERGY INNOVATION

COMES NOW Conservative Texans for Energy Innovation (CTEI) and files these comments in response to Commission Staff's Questions filed in this proceeding on January 31, 2025.

CTEI is a non-profit clean energy education and advocacy organization composed of thousands of Texans seeking to promote energy innovation and clean energy policies grounded in the conservative principle of common sense, market-based solutions that allow fair competition and provide greater access to clean, affordable, and reliable energy.

Texas demand for electricity is surging, driven by the Permian Basin's oil and gas boom, the state's leading position in hydrogen-based manufacturing, and the rising data center needs for artificial intelligence, cryptocurrency, and the data economy. Based on analysis provided by ERCOT, CTEI supports the proposed 765kV Strategic Transmission Expansion Plan (STEP), and requests that the Commission move forward to direct implementation of the STEP.

COMMENTS ON QUESTIONS POSED BY COMMISSION STAFF

1. In ERCOT's 345 kV-765 kV comparison document, the total capital cost estimates for each voltage' s 2024 Regional Transmission Plan are comparatively close.

a. What other ongoing cost impacts should be given significant weight in this decision?

b. What economic and reliability benefits in the report should be given significant weight?

The ERCOT Report[1] that compares the two plans makes clear that the 765kV STEP proposal is the superior plan. As noted in the question, the total capital cost estimates for the two plans are comparatively close. However, the chart on page vii of the Report summarizes other economic and reliability benefits that support adoption of the STEP, such as: 1,443 fewer miles of existing upgrades, $890 million less in construction outage related cost, $229 million more annual Consumer Energy Cost Savings, $28 million more annual Production Cost Savings, 560 GWh/year less energy loss, 600 to 3,000 MW increase in power transfer capability, and 13% more improvement in West Texas stability limits. As Pablo Vegas stated in his recent CEO Update to the ERCOT Board of Directors: "Overall, the TX 765-kV STEP offers better performance and future savings and capability for initial investment.... After study and consideration of the costs and benefits associated with each plan, ERCOT believes that the proposed TX 765-kV STEP provides greater long-term benefits to the consumers of Texas. Integrating a new 765-kV transmission network into the ERCOT System would represent a strategic transformative step in power infrastructure, enabling efficient, reliable, resilient, and sustainable electricity delivery for both current and future demand."[2]

2. On September 18, 2024, ERCOT hosted a 765 kV Vendor Workshop which provided information on many aspects of design, construction, and equipment sourcing of 765 kV infrastructure.

a. Regarding supply chain delays or disruptions, are there any impacts specific to either 765 kV or 345 kV, or are both impacted equally?

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[1] ERCOT, "2024 Regional Transmission Plan (RTP) 345-kV Plan and Texas 765-kV Strategic Transmission Expansion Plan Comparison," January 2025. https://www.ercot.com/files/docs/2025/01/24/2024%20Regional%20Transmission%20Plan%20(RTP)%20345-kV%20Plan%20and%20Texas%20765-kV%20Strategic%20Transmission%20Expansion%20Plan%20Comparison.pdf.

[2] Vegas, Pablo, "Item 6: ERCOT CEO Update – Revised," ERCOT Board of Directors Meeting, February 4, 2025. https://www.ercot.com/files/docs/2025/01/31/6-ceo-update-revised.pdf.

b. Are there any critical 765 kV considerations that were not addressed during that workshop?

CTEI did not participate in the September 18, 2024, workshop and therefore cannot respond directly to this question based on content presented at that workshop. However, we note that during the CEO Report[3] presented to the ERCOT Board on February 4, 2025, Pablo Vegas responded to questions about the two transmission plans, characterizing the 765kV STEP proposal as not any worse than the 365kV plan with respect to timing and supply chain issues.

3. Regarding the already-approved Permian Basin import paths, please compare the timing of construction buildout-to-energization for the 345 kV and 765 kV imports. Will one take significantly longer than the other? Please explain why.

As noted above, questions at the ERCOT Board meeting to which Pablo Vegas responded indicate timing to implement the two plans would be comparable.

4. Given that there are uncertainties in long-term load forecasts as well as load and generation types and siting, which plan would provide the most flexibility for ERCOT region?

ERCOT clearly has stated that the 765kV STEP will provide greater flexibility in siting resources and large load.[4]

5. What are the pros and cons of deciding to utilize 765 kV infrastructure in the ERCOT region now versus waiting to implement it in the future?

Transmission infrastructure takes several years to build, and Texas cannot afford to delay any longer building the infrastructure needed to support our booming economy and the wide

[3] Vegas, Pablo, "Item 6: ERCOT CEO Update – Revised," ERCOT Board of Directors Meeting, February 4, 2025. https://www.ercot.com/files/docs/2025/01/31/6-ceo-update-revised.pdf.

[4] ERCOT, "2024 Regional Transmission Plan (RTP) 345-kV Plan and Texas 765-kV Strategic Transmission Expansion Plan Comparison", presented at ERCOT EHV Workshop (Jan 27, 2025) https://www.ercot.com/files/docs/2025/01/27/EHV%20765-kV%20ERCOT%20Workshop_01_27_2025.pdf.

variety of industries that rely on a robust power supply to compete in the global economy. 765kV technology is not new technology, even though it would be new to ERCOT; it is inevitable that Texas will need 765kV infrastructure, so moving forward sooner rather than later will allow utilities and ERCOT to develop more experience with it. Further, the ERCOT report outlines the economic and reliability benefits that could be achieved with the STEP plan as compared to the 345kV plan. If the Commission waits to implement 765kV transmission, those benefits are deferred, meaning lost savings and reliability benefits for Texas consumers and businesses.

6. Are there any other benefits or drawbacks that have not been brought up and addressed which are critically important for Commission to consider? Please describe in detail.

ERCOT has made a clear case that the 765 kV STEP proposal is the superior option when comparing costs and benefits with the 365kV alternative transmission plan. Any continued delay to building the 765kV transmission infrastructure that our Texas businesses and consumers needed "yesterday" will only harm the state's economic prosperity.

CONCLUSION

CTEI appreciates the opportunity to submit comments in support of the STEP proposal and encourages the Commission to direct ERCOT and the utilities to move forward with pace to bring needed transmission infrastructure to the state.

Respectfully submitted,

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COMMENTS OF
CONSERVATIVE TEXANS FOR ENERGY INNOVATION

EXECUTIVE SUMMARY

Texas demand for electricity is surging, driven by the Permian Basin's oil and gas boom, the state's leading position in hydrogen-based manufacturing, and the rising data center needs for artificial intelligence, cryptocurrency, and the data economy.

CTEI supports the proposed 765kV Strategic Transmission Expansion Plan (STEP) and requests that the Commission move forward to direct implementation of the STEP.

Q1. The 765kV STEP proposal is the superior plan. The total capital cost estimates for the two plans are comparatively close, but other economic and reliability benefits that support adoption of the STEP include: 1,443 fewer miles of existing upgrades, $890 million less in construction outage related cost, $229 million more annual Consumer Energy Cost Savings, $28 million more annual Production Cost Savings, 560 GWh/year less energy loss, 600 to 3,000 MW increase in power transfer capability, and 13% more improvement in West Texas stability limits.

Q2 and Q3. When presenting to the ERCOT Board on February 4, 2025, Pablo Vegas responded to questions about the two transmission plans, characterizing the 765kV STEP proposal as not any worse than the 365kV plan with respect to timing and supply chain issues.

Q4. ERCOT has stated that the 765kV STEP will provide greater flexibility in siting resources and large load.

Q5. If the Commission waits to implement 765kV transmission, benefits are deferred, meaning lost savings and reliability benefits for Texas consumers and businesses.

Q6. ERCOT has made a clear case that the 765 kV STEP proposal is the superior option when comparing costs and benefits with the 365kV alternative transmission plan. Any continued delay to building the 765kV transmission infrastructure that our Texas businesses and consumers needed "yesterday" will only harm the state's economic prosperity.