

Filing Receipt

Filing Date - 2025-02-14 12:42:19 PM

Control Number - 55718

Item Number - 60

PUC PROJECT NO. 55718

\$ \$ \$

RELIABILITY PLAN FOR PERMIAN BASIN UNDER PURA § 39,167

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

CPS ENERGY'S RESPONSIVE COMMENTS IN PROJECT NO. 55718

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

The City of San Antonio, acting by and through the City Public Service Board (CPS Energy), submits these responsive comments and executive summary to the Public Utility Commission of Texas (Commission) in Project No. 55718.

On January 31, 2025, Commission Staff made a filing in this project requesting comments from stakeholders on various questions related to the report by the Electric Reliability Council of Texas (ERCOT) filed on January 24, 2025, in this project. Below, CPS Energy submits its comments to the questions presented by Commission Staff.

I. INTRODUCTORY COMMENTS

At the outset, CPS Energy would note that the Commission is faced with significant decisions as it determines the best path to ensure the ongoing and future reliability of electric service for the Permian Basin and the entirety of the ERCOT grid. The decisions to be made will shape the future of Texas' electric grid for decades to come. The Commission should approach these issues with a long-term perspective, recognizing that its decisions represent an investment in the future of Texas. While cost and other factors must be fully considered, the goal is to best position Texas' electric grid for future resiliency and reliability for the needs of all Texans served by the ERCOT grid. Thus, costs and other factors must be considered in light of the long-term perspective and not the short term. With this in mind, CPS Energy provides the responsive comments below.

II. RESPONSIVE COMMENTS TO COMMISSION STAFF'S QUESTIONS

CPS Energy provides its comments to Staff's specific questions, as set out below.

Question 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?

Two additional cost impacts to consider relate to spare inventory costs and overall maintenance costs. Most transmission service providers (TSPs) in Texas are familiar with the construction, maintenance, and operation of 345 kV transmission lines and associated substations, and likely maintain adequate current spare inventory for such facilities. In contrast, those same TSPs will likely have to invest some amount to ensure sufficient spare inventory of necessary equipment for 765 kV transmission lines if such options are selected. While the acquisition cost of such inventory may ultimately not be significant when compared against the full cost of the capital investment for the 765 kV projects, it is an additional cost that should at least be considered. As of the time of this filing, CPS Energy has not performed an evaluation of such costs so as to take a position on their significance.

An additional cost impact relates to ongoing maintenance and inspection of facilities. To achieve comparable benefits as 765 kV facilities, additional 345 kV facilities would be required. Ongoing maintenance and inspection costs would be expected to increase with the number of, and line miles associated with, the facilities approved. Thus, the ongoing maintenance and inspection costs for 345 kV facilities would be expected to be greater than such costs for 765 kV facilities, simply because a greater number of facilities and line miles would be required for 345 kV facilities to accomplish the same transmission value that 765 kV facilities could provide. At this time, CPS Energy has not performed an evaluation of such costs so as to take a position on their significance.

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

CPS Energy takes no position on this question, other than to state that the Commission must take a long-term perspective when evaluating the options and should not base any decision solely on short term impacts or cost considerations.

Question 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?

CPS Energy takes no position on this question, as it is not aware of any meaningful differences in supply chain delays or disruptions between 345 kV and 765 kV equipment.

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

CPS Energy is not aware of critical considerations that were not addressed at the workshop.

Question 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?

There initially will be a longer lead time for beginning construction of 765 kV projects because many TSPs will have to acquire equipment they do not otherwise maintain and will have to develop standards, specifications, or vendor contracts for this voltage class. Beyond that, CPS Energy has not conducted an analysis to determine whether there will be any significant difference in the timing of construction buildout to energization for 765 kV projects as compared to 345 kV projects. Given the potential pre-construction delays noted above, CPS Energy does have some doubts as to whether the 765 kV projects can be completed by 2030 as projected by ERCOT's 2024 Regional Transmission Plan 345-kV Plan and Texas 765-kV Strategic Transmission Expansion Plan Comparison.

Question 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?

Information provided in the ERCOT EHV workshop on January 27, 2025, suggests that the 765 kV project options would provide better long-term system performance. Although "flexibility" can implicate many different considerations, as a principle, CPS Energy believes that greater system performance equates to greater system flexibility overall.

Question 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?

It seems a certainty that costs and construction difficulties will only increase with time as further development in Texas occurs, resulting in more construction constraints than currently exist. Further, information recently shared by ERCOT regarding the existing queue of projects in the ERCOT region (in addition to the Permian Basin expected load growth) suggests that utilizing the 765 kV option sooner would benefit the ERCOT grid on the whole. A significant benefit of the 765 kV project options is that they provide a path forward for the long-term load-serving capability of the ERCOT system that could provide a lower landowner impact for long transmission routes, as 765 kV transmission lines could utilize less land than 345 kV facilities that might be necessary to accomplish the same benefits. Delaying implementation of 765 kV facilities could make justification of such projects more difficult as 345 kV facilities become even more pervasive than they currently are.

Currently, the cons of 765 kV infrastructure primarily revolve around the unknowns of designing, constructing, and operating a system at a voltage level with which many TSPs have no or little prior experience. But, although many TSPs in Texas may not have significant experience with 765 kV facilities, such facilities do exist across the country and such experience will inform TSPs in Texas.

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

The Commission should consider and evaluate the ability of new generation to interconnect with 765 kV facilities, and whether there will be significant costs associated with the interconnection of generation to 765 kV facilities that would not exist for interconnection with 345 kV facilities. Further, if CPS Energy is required to interconnect with generators from 765 kV transmission lines, but at voltages lower than 765 kV, this will result in significant costs associated with the necessity of additional transformers. The cost of such additional facilities, and who is responsible for such costs, should be addressed by the Commission when evaluating the 765 kV options.

Finally, CPS Energy would note that all current 765 kV project options being considered by the Commission involve a single circuit line. Until 765 kV facilities are more fully built out, the single circuit design creates some limitations on the ability of such lines to be taken out of service and also presents some unique considerations that should be addressed when preparing for outages, whether planned or unplanned.

III. CONCLUSION

CPS Energy believes that both the 765 kV project options and the 345 kV project options provide significant long-term benefits to the ERCOT grid, and CPS Energy is ready, willing, and able to build either of the projects that ERCOT has identified for it, whether a 345 kV project or a 765 kV project. However, when considering the long-term health of the ERCOT grid, the 765 kV options provide some long-term benefits that the 345 kV options do not. Regardless of which options are ultimately selected by the Commission, CPS Energy hopes that the Commission's decision is based on the long-term horizon and costs and benefits associated with a longer perspective.

Respectfully submitted,

Kipling D. Giles State Bar No. 24040970 **CPS** Energy 500 McCullough San Antonio, Texas 78215 (210) 353-3169 (210) 353-6340 (fax) Email: <u>kdgiles@cpsenergy.com</u>

Cráig/R. Bennett State Bar No. 00793325 <u>cbennett@jw.com</u> Tolliver McKinney State Bar No. 24127046 <u>tmckinney@jw.com</u> Jackson Walker LLP 100 Congress Avenue, Suite 1100 Austin, Texas 78701 (512) 236-2000 (512) 691-4427 (fax)

ATTORNEYS FOR CPS ENERGY

\$ \$ \$

RELIABILITY PLAN FOR PERMIAN BASIN UNDER PURA § 39,167

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

EXECUTIVE SUMMARY TO CPS ENERGY'S COMMENTS IN PROJECT NO. 55718

The City of San Antonio, acting by and through the City Public Service Board (CPS Energy),

provides the following executive summary to the foregoing comments in Project No. 55718.

<u>**Ouestion 1**</u>: Two additional cost impacts to consider relate to spare inventory costs and overall maintenance costs. There will be an initial investment by TSPs to acquire necessary spare inventory for 765 kV options. Maintenance costs for 345 kV options would likely be greater than for the 765 kV facilities providing the same transmission benefit.

Ouestion 2: CPS Energy is not aware of critical considerations that were not addressed at the workshop.

Ouestion 3: There initially will be a longer lead time for beginning construction of 765 kV projects because many TSPs will have to acquire equipment they do not otherwise maintain and will have to develop standards, specifications, or vendor contracts for this voltage class. Beyond that, CPS Energy has not conducted an analysis to determine whether there will be any significant difference in the timing of construction buildout to energization for 765 kV projects as compared to 345 kV projects. CPS Energy does have some doubts as to whether the 765 kV projects can be completed by 2030 as projected by ERCOT's 2024 Regional Transmission Plan 345-kV Plan and Texas 765-kV Strategic Transmission Expansion Plan Comparison.

Ouestion 4: Information provided in the ERCOT EHV workshop on January 27, 2025, suggests that the 765 kV project options would provide better long-term system performance. Although "flexibility" can implicate many different considerations, as a principle, CPS Energy believes that greater system performance equates to greater system flexibility overall.

<u>**Ouestion 5**</u>: It seems a certainty that costs and construction difficulties will only increase with time as further development in Texas occurs, resulting in more construction constraints than currently exist.

Question 6: The Commission should consider and evaluate the ability of new generation to interconnect with 765 kV facilities, and whether there will be significant costs associated with the interconnection of generation to 765 kV facilities that would not exist for interconnection with 345 kV facilities. Further, until 765 kV facilities are more fully built out, the proposed single circuit design creates some limitations on the ability of such lines to be taken out of service and also presents some unique considerations that should be addressed when preparing for outages.