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PROJECT NO. 55718

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

OFFICE OF PUBLIC UTILITY COUNSEL'S RESPONSES TO STAFF'S REQUESTS FOR COMMENTS

The Office of Public Utility Counsel ("OPUC"), representing the interests of residential and small commercial consumers in Texas, respectfully submits these comments in response to the Staff ("Staff") of the Public Utility Commission of Texas's ("Commission") memorandum filed in Project No. 55718.[1] The memorandum requests comments be filed by February 14, 2025.[2] Therefore, OPUC's comments are timely filed.

COMMENTS

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?**

As discussed by ERCOT in its 2024 Regional Transmission Plan 345-kV Plan and Texas 765-kV Strategic Transmission Expansion Plan Comparison ("Comparison Report"),[3] the cost of energy to consumers is affected by the choice between a 345 kV expansion or a 765 kV expansion and should be given weight in this decision. Whether there is a significant difference between the maintenance costs for the two plans should also be considered in the decision.

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

Changes to the cost of energy and the increase in transfer capacity should both be given significant weight by the Commission while evaluating the decision between the two plans. The

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[1] Staff Questions on PUCT's Determination of using EHV in ERCOT Region (Jan. 31, 2025). ("Memo").

[2] Memo at 1.

[3] ERCOT's 2024 Regional Transmission Plan 345-kV Plan and Texas 765-kV Strategic Transmission Expansion Plan Comparison (Jan. 24, 2025). ("Comparison Report").

consumer cost of energy is of paramount importance to OPUC, but the increased transfer capacity is important as well, as it gives load centers access to more low cost remotely located generation.

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?**

    No response at this time.

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

    No response at this time.

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.**

    No response at this time.

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 the ERCOT region?**

ERCOT used load forecasts showing an unprecedented level of growth to develop both plans. Given that almost 50% of the load growth in the Comparison Report comes from Transmission Service Provider officer letters and is of relatively low certainty compared to load growth in previous transmission expansion plans, OPUC recommends that the Commission carefully consider the Reduced Load Conditions sensitivity analysis that ERCOT presented in Section 1.1.3 of its Comparison Report.[4] In that section, ERCOT found that the 765 kV infrastructure plan would cost approximately $2.5 to $3 Billion dollars more than the 345 kV

[4] Comparison Report's Attachment A at 9. [From table 1.1.3.1 the total system load pre-adjustment = 129,168 + 15,198 = 146,366. Thus the load growth is 146,366 (forecasted 2030 peak load) minus 85,508 (ERCOT peak load) = 60,858MW load growth.]

plan.[5] Furthermore, OPUC would note that the economic analyses performed by ERCOT and reported in section 1.3 of the Comparison Report were done at reduced load levels and show mixed results for Consumer Energy Cost.[6] For the 107 GW peak load case, the economic study indicated that system-wide consumer energy would cost $136 million per year ($0.21/MWh) more with the 765 kV expansion, whereas, for the 113 GW peak load case energy would cost $229 million per year ($0.33/MWh) more with the 345 kV expansion.[7]

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?

OPUC contends that the phrasing of the question presupposes that 765kV will eventually be the correct solution for ERCOT. Certainly, if present trends continue, that appears to be the case, but if the past decade has taught us anything in ERCOT, it is that the future is not always a straightforward continuation of existing trends. Texas has already gone through a major transmission buildout in the form of Competitive Renewable Energy Zone ("CREZ") projects and should consider historical insights gained to maximize the long-term benefits of any Permian Basin transmission buildout. The importance of this project leans in favor of a more prospective analysis instead of leaving prudence determinations to litigation after-the-fact.

The 2024 ERCOT Regional Transmission Plan ("2024 RTP Report") was designed to carry power from the projected 2030 generation fleet to the projected 2030 load.[8] There are relatively high levels of uncertainty in both the location of the generation and the level and location of the load that were used in developing the 2024 RTP Report. The load assumptions in the plan are based in large part on Transmission Service Provider officer letters for the first time. The generation locations used in the 2024 RTP Report are also uncertain. Of particular note, due to the need to address a substantial mismatch between the load projection and the generation projection in the study used to develop the 2024 RTP Report, ERCOT created and sited 11 GW of dispatchable generation that had no relation to any projects in the actual interconnection

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[5] Comparison Report's Attachment A at 13.

[6] Comparison Report's Attachment A at 18-19.

[7] *Id.*

[8] See 2024 ERCOT Regional Transmission Plan Report (Dec. 20, 2024), available at https://www.ercot.com/mp/data-products/data-product-details?id=pg7-048-rn. ("2024 RTP Report")

queue.[9] Finally, it should also be noted that while ERCOT based their cost estimate for 345 kV lines on data provided by ERCOT region Transmission Service Providers, for the 765 kV lines ERCOT based its cost estimates on MISO's Transmission Cost Estimation Guide, not on ERCOT data.[10] Given the relatively high level of uncertainty in the current long-term load forecasts and the generation siting used to develop the 2024 RTP and the cost estimates themselves, there may be too many unknowns to commit Texas to the more expensive plan.

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.

It may be appropriate for the Commission to recommend a cost cap that ensures the costs borne by consumers do not exceed the projected benefits of any buildouts. Given that this would not be a typical cost incurred as part of the normal growth of the region and that it would be shared by all ERCOT ratepayers, guardrails to modify otherwise typical allocation methodologies may need to be considered. Specifically, the substantial load growth identified in the ERCOT study is primarily driven by non-residential growth, including oil and gas operations, crypto-mining operations, and new commercial and industrial operations. It would be fundamentally prejudicial for residential consumers to foot the bill for a massive transmission buildout to support such operations given that they can afford to pay a share of the costs more reflective of their demand, particularly as some of these operations may bring less permanent economic benefit to the state than others.

OPUC requests that the Commission keeps cost causation principles in mind when determining who ultimately bears the burden of paying for these projects, as residential and small commercial consumers typically pay a higher rate for transmission costs, per kWh, than industrial consumers do under the current transmission cost allocation rules.

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[9] 2024 RTP Report at 8.

[10] Comparison Report's Attachment A at 8.

CONCLUSION

OPUC appreciates the opportunity to provide these comments and looks forward to working with Staff and other stakeholders on this project.

Date: February 14, 2025

Respectfully submitted,

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OFFICE OF PUBLIC UTILITY COUNSEL'S EXECUTIVE SUMMARY

The Office of Public Utility Counsel ("OPUC") thanks the Commission for the opportunity to offer its comments on the decision of whether to undergo a significant transmission expansion with a mix of 765 kV and 345 kV technology or with 345 kV technology alone.

- Regarding Question 1a: OPUC urges the Commission to give appropriate consideration to the effects of the chosen plan on both consumer energy costs and ongoing maintenance costs.

- Regarding Question 1b: In addition to the aforementioned consumer energy costs, OPUC urges the Commission to give significant weight to the transfer capacity of each plan.

- Regarding Question 4: Given the uncertainty of the load forecast used in developing both the 345 kV plan and the 765 kV plan, OPUC urges the Commission to appropriately weigh the Reduced Load Conditions sensitivity analysis performed by ERCOT.

- Regarding Question 5: Given the relatively high level of uncertainty in long term load forecast, generation siting, and cost estimates, OPUC urges the Commission to carefully consider whether there is currently enough clarity to choose a more expensive transmission expansion plan.

- Regarding Question 6: OPUC urges the Commission to keep cost causation principles in mind when considering the costs of a transmission plan being built mostly for large industrial consumers.