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PUC PROJECT NO. 55718

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

The Texas Energy Buyers Alliance¹ (TEBA) represents the collective voice of more than 300 companies, representing some of the state's largest employers and energy customers. In total, TEBA members represent more than \$20 trillion in market capitalization. Our organization is focused on helping to shape Texas' electricity market redesign in ways that propel Texas' economy forward, lower power bills for all energy customers, create jobs, spur innovation, strengthen the ERCOT grid, and extend Texas' energy leadership through the energy transition and for generations to come.

Many TEBA companies located their businesses in Texas in part because of its dependable business environment and open energy markets — including low-cost, increasingly clean, reliable power, and the ability to freely choose and procure it without unnecessary regulations or red tape. TEBA members believe reliable, clean, affordable energy is good for business, and that what's good for business is good for Texas.

¹ <http://txenergybuyers.org>

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?

TEBA has no specific opinion on additional cost considerations. What adversely affects the 765kV supply chain would also likely affect the 345kV supply chain since many of the providers and equipment characteristics are similar. TEBA recommends that should there be any additional cost considerations applied to one, they be at least assessed against the other.

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

As stated in prior comments, TEBA thinks the cost per MW mile should be given heavy consideration. There is the potential for significant load growth in ERCOT. Both the 345kV and the 765kV plans play an important role in ERCOT's ability to reliably serve the grid; however, the economies of scale at play allow for the more effective development of a transmission backbone to further facilitate the Texas economic miracle.

Based on that long-term development principle, TEBA recommends the Commission adopt a third economic test for these types of projects. ERCOT's current economic tests only consider the benefits over a short time period. However, transmission projects offer benefits to consumers for decades. TEBA recommends a third test be adopted which

accounts for the value of these benefits over a period of 20 years and discount future benefits based on reasonable financial accounting principles.

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?

TEBA members participated in the September 18, 2024 workshop and pointedly asked vendors about the supply chain differences between 345kV and 765kV infrastructure. Vendors were fairly unanimous in their assessment that supply chain disruptions would adversely affect both voltages. However, vendors did note that, on balance, 765kV proposal requires less raw materials because there are less miles of conductors and fewer freestanding structures needed.

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

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.

TEBA does not believe that the 765kV system will take substantially longer. TEBA questioned vendors at the September 18, 2024 workshop about timing. Vendors said

that if 345kV infrastructure was a factor of 1, 765kV infrastructure manufacturing was a factor of 1.10. Moreover, vendors believed that 765kV systems would be faster to stand up because they do not require as many free-standing towers and can use a single concrete base.

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?

TEBA believes both plans offer ERCOT a great deal of flexibility; however, as indicated by ERCOT's assessment, the 765kV system offers substantially more transfer capacity across the entire state at a relatively marginal incremental cost, which positions the state for longer-term system, as well as wider economic benefits.

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?

The primary con of implementing 765 infrastructure now is the additional cost. However, the cons of waiting to implement a long-term, forward planning solution will be enormous additional costs to consumers. ERCOT's study eliminated 20 GWs of forecasted load growth and still found the 765kV solution to be the more beneficial. If the Commission chooses to defer 765 upgrades, consumers may very well be triple charged: first in the form of paying for the 345 solution, second by paying for later transmission expansion or upgrades, and third in the form of lost economic opportunity due to persistent transmission interconnection congestion.

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 stated that the transmission grid is maxed out; TEBA agrees. Setting aside the specific tradeoffs between 345 kV and 765 kV, the enormous load growth occurring now in Texas demonstrates the need to not get caught flat-footed. TEBA recommends that the Commission act decisively to not hamstring the Texas economic growth that is occurring now and will continue to occur for years to come.

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