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PROJECT NO. 55812

**TEXAS ENERGY FUND
COMPLETION BONUS GRANT
PROGRAM**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

**COMMENTS OF
GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.**

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Golden Spread Electric Cooperative, Inc. (“Golden Spread”) submits these comments in response to the Proposal for Publication of New 16 TAC § 25.511 approved by the Public Utility Commission of Texas (“Commission”) on November 30, 2023 (“Proposal”). The Proposal requests that comments on the Texas Energy Fund (“TEF”) Completion Bonus Grant Program be filed by January 5, 2024. These comments are timely filed.

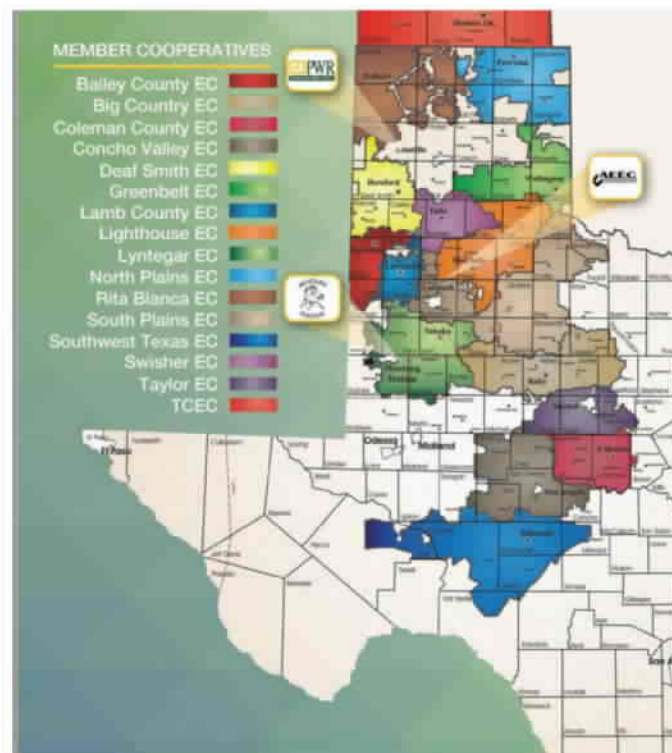
Golden Spread is a member of Texas Electric Cooperatives, Inc. (“TEC”) and adopts the comments filed by TEC in this project. Golden Spread submits these additional comments to address two issues that might be unique to Golden Spread. First, to fulfill the Legislature’s goal of incentivizing more dispatchable generation through the state-funded programs established by Senate Bill (“SB”) 2627, Golden Spread encourages the Commission to clarify that dispatchable switchable generating resources (“SWGRs”) are eligible to participate in the Completion Bonus Grant Program. Golden Spread’s SWGRs currently support the ERCOT market year-round in real-time, even during periods when they may have been submitted for planning purposes to a different regional transmission organization (“RTO”). SWGRs can provide needed resources to the Electric Reliability Council of Texas (“ERCOT”) and, therefore, Golden Spread requests that the Commission make it clear that SWGRs can participate subject to meeting the same performance standards as other generators. Second, the Commission should ensure that all the TEF programs work together—eligibility or application for one should not adversely affect eligibility for another. This clarification is important as some TEF programs apply to projects in ERCOT and others apply to projects outside of ERCOT.

I. GOLDEN SPREAD AND ITS MEMBER COOPERATIVES

Golden Spread is a non-profit electric generation and transmission (“G&T”) cooperative headquartered in Amarillo, Texas. Its purpose is to supply reliable wholesale electric power at the lowest feasible cost to its 16 non-profit distribution cooperative members (“Member Cooperatives”

or “Members”)¹ while abiding by all applicable regulatory requirements. Golden Spread Members provide power to approximately 318,000 retail electric meters serving Member-Consumers (i.e., the retail end-consumers who are members of a cooperative) located over an expansive area, including the South Plains, Edwards Plateau, and Panhandle regions of Texas (covering 24 percent of the state), portions of Southwestern Kansas and Southeastern Colorado, and the Oklahoma Panhandle. Golden Spread owns and operates power plants in both ERCOT and the Southwest Power Pool (“SPP”). Figure 1 shows the location of Golden Spread’s electric generating units and its Members’ service territories.

Figure 1. Golden Spread Electric Generating Units and Members’ Service Territories



¹ Golden Spread’s Members are Bailey County Electric Cooperative Association (Muleshoe, Texas); Big Country Electric Cooperative, Inc. (Roby, Texas); Coleman County Electric Cooperative, Inc. (Coleman, Texas); Concho Valley Electric Cooperative, Inc. (San Angelo, Texas); Deaf Smith Electric Cooperative, Inc. (Hereford, Texas); Greenbelt Electric Cooperative, Inc. (Wellington, Texas); Lamb County Electric Cooperative, Inc. (Littlefield, Texas); Lighthouse Electric Cooperative, Inc. (Floydada, Texas); Lyntegar Electric Cooperative, Inc. (Tahoka, Texas); North Plains Electric Cooperative, Inc. (Perryton, Texas); Rita Blanca Electric Cooperative, Inc. (Dalhart, Texas); South Plains Electric Cooperative, Inc. (Lubbock, Texas); Southwest Texas Electric Cooperative, Inc. (Eldorado, Texas); Swisher Electric Cooperative, Inc. (Tulia, Texas); Taylor Electric Cooperative, Inc. (Merkel, Texas); and Tri-County Electric Cooperative, Inc. (Hooker, Oklahoma).

II. GOLDEN SPREAD'S ELECTRIC GENERATING RESOURCES

Over the past 20 years, Golden Spread has invested more than one billion dollars to build and maintain generation to serve its Member Cooperatives' growing demand and need for electric power supply. Due in part to the high wind and solar penetration (and potential for more) in its service area, Golden Spread has pursued a prudent strategy to invest primarily in "fast start" natural-gas fired simple cycle ("NGSC") units. These dispatchable generation facilities support grid reliability and the continued development of intermittent renewable generation while not unduly burdening the limited water resources in the region.

Golden Spread has also adapted its resource portfolio to meet the unique needs of its Members whose service territories overlay two major grids in Texas: SPP and ERCOT. A portion of Golden Spread's generation at Antelope Elk Energy Center ("AEEC") are SWGRs and can provide generation to either SPP or ERCOT. These units are capable of nonsimultaneous synchronization with either the Texas Interconnection or the Eastern Interconnection. Figure 2 below summarizes the capacity of Golden Spread's units, including which units are SWGRs and can provide generation to SPP or ERCOT.

Figure 2. Capacity of Golden Spread Electric Generating Units

MUSTANG STATION TOTAL - 958 MW		
Mustang Station Simple Cycle Units 489 MW		
Mustang 1	165 MW	SPP
Mustang 2	165 MW	SPP
Mustang 3	159 MW	SPP
Mustang Combined Cycle Facility (2x1) 469 MW		
Mustang 4	152 MW	SPP
Mustang 5	152 MW	SPP
Mustang 6	165 MW	SPP
ANTELOPE ELK ENERGY CENTER (AEEC) TOTAL - 738 MW		
Antelope Station 168 MW		
Antelope 1	56 MW	SPP/ERCOT
Antelope 2	56 MW	SPP/ERCOT
Antelope 3	56 MW	SPP/ERCOT
Elk Station 570 MW		
Elk 1	190 MW	SPP/ERCOT
Elk 2	190 MW	SPP/ERCOT
Elk 3	190 MW	ERCOT
WIND FARMS		

Golden Spread Panhandle Wind Ranch (GSPWR)	78 MW	SPP
Other Wind PPAs	206 MW	SPP
GRID TOTALS		
Total ERCOT Output	738 MW	
Total SPP Output	1584 MW	
Above capacities are nameplate capacities.		

As part of its corporate goal to meet its Members' energy needs, Golden Spread regularly evaluates whether and when to develop new resources to support its Members and the reliability of the ERCOT and SPP grids. This evaluation includes SWGR capability.

The switchable nature of the units at AECC has proven beneficial to the ERCOT grid. For seasonal planning purposes, both SPP and ERCOT require Golden Spread to state in advance when the SWGRs are committed to one grid or the other. From an operational and reliability perspective, and subject to a coordination agreement between the ISO/RTO, however, the SWGRs are generally available to support ERCOT all year. For example, the AECC SWGRs have supplied generation to ERCOT during instances when operating reserves were low, including during summer periods when the unit(s) may have been submitted to SPP for planning purposes and/or may not be reflected as "available" in the ERCOT summer capacity, demand, and reserves report ("CDR"). Regardless of how the SWGRs are listed for seasonal planning in either SPP or ERCOT, they have been available to support ERCOT in real-time to support the reliability of the grid.

III. CLARIFICATIONS TO ELIGIBILITY SECTION

Golden Spread is evaluating its ability to participate in the TEF Completion Bonus Grant Program should it increase the capability of its generating units into ERCOT through new interconnections or additional SWGRs. Golden Spread believes clarifications would be helpful to ensure SWGRs would be eligible for the Completion Bonus Grant Program.

As currently written, the eligibility criteria in the Proposal at Section 25.511(c)(1) covers "(A) The construction of new dispatchable electric generating facilities providing power for the ERCOT region; or (B) The addition of new dispatchable electric generating facilities at an existing location providing power for the ERCOT region."² This criteria clearly captures "new generation

² See Proposal § 25.511(c)(1)(A)-(B).

units” whether those new units are located at an existing generation facility or at a greenfield site. The language might not, however, capture *new interconnections of existing generating resources* to provide power to the ERCOT grid. There exists dispatchable generating resources throughout Texas that could, with investment, become capable of providing power for the ERCOT region, but those resources may not qualify for the Completion Bonus Grant Program under the Proposal as currently written.

To bring certainty and encourage generation owners to consider switchable capability, Golden Spread requests the Commission add a new subparagraph 25.511(c)(1)(C) to clarify that the new interconnection of existing dispatchable generating resources to provide power to the ERCOT region would be eligible. This change would ensure that existing dispatchable generation that meets the other eligibility requirements, but that is not yet interconnected to ERCOT, would be eligible to participate. This change would apply to resources that are currently operating in an adjacent independent system operation (“ISO”) or regional transmission organization (“RTO”) and to resources already in ERCOT but only serving load behind-the-meter (and not actually interconnected with the ERCOT grid), such as resources serving industrial customers or private-use-networks.³

Accordingly, Golden Spread requests the following addition to Section 25.511(c)(1):

(C) The new interconnection of existing dispatchable electric generating facilities at an existing location to provide power for the ERCOT region.

This change would further the goal of SB 2627 to increase reliability from dispatchable generation in ERCOT by clarifying that this additional source of dispatchable generation resource is eligible for the TEF Completion Bonus Grant Program.

IV. NOTICE OF COMPLETION

The Proposal requires interested applicants to submit their application no later than 180 days after commercial operation of the facility, after which the Commission will respond with a notice of completion.⁴ To receive a grant payment, the applicant must submit a request no later

³ Under PURA § 34.0106(b)(1), a facility that is used “primarily” to serve an industrial load or private use network is not eligible to receive a bonus grant. However, as indicated by the Commission’s questions in the preamble to the Proposal, these resources could be encouraged to provide power primarily to the ERCOT grid. Moreover, this “primarily” restriction does not apply to or limit the ability of SWGRs to participate in the program, even though those resources may also provide power to another RTO.

⁴ See Proposal § 25.511(d)(2)(A).

than 45 days after each anniversary of the electric generating facility's commercial operations date.⁵ To ensure that eligible generators who have met the performance requirements are not subject to extended delays to receive the bonus payment, Golden Spread suggests the Commission respond to an eligibility application within 60 days after receipt of an application and act on a grant payment request within 60 days after receipt of the request. Accordingly, Golden Spread requests the following change to Section 25.511(d)(2)(A):

(A) For applicants deemed eligible to receive a completion bonus grant award, the commission will file a notice of eligibility applicable to the electric generating facility within 60 days of receipt of the application. The notice of eligibility will state the completion bonus grant award amount based on the capacity of the electric generating facility and its interconnection date.

Golden Spread also requests the following change to Section 25.511(f)(4):⁶

(4) Within 60 days after receipt of a grant payment request, the~~The~~ commission will evaluate a request for grant payment to determine whether an electric generating facility meets the performance standards to receive a grant payment for the performance year requested, including whether to discount or withhold a grant payment. Upon determining that an electric generating facility is approved to receive a grant payment in the amount requested, the commission will instruct the Texas Treasury Safekeeping Trust Company to disburse the grant payment to the applicant.

V. COORDINATION OF TEF PROGRAMS

For SWGRs, it is possible that an applicant could be eligible for the Completion Bonus Program in ERCOT, the In-ERCOT Generation Loan Program,⁷ and the future grant program for facilities outside the ERCOT power region,⁸ as these programs address distinct activities. SB 2627 does not restrict an entity from applying for or being eligible for more than one of these programs.⁹

⁵ See Proposal § 25.511(f)(2).

⁶ The Proposal inadvertently skips from subsection (f)(2) to (f)(4), thus Golden Spread believes this subsection should be renumbered to 25.511(f)(3).

⁷ *Texas Energy Fund In-ERCOT Generation Loan Program*, Project No. 55826, Proposal for Publication of New 16 TAC §25.510 (Nov. 30, 2023).

⁸ PURA § 34.0103.

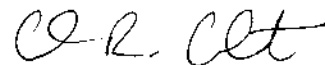
⁹ In fact, PURA § 34.0104(d) recognizes that one entity or generating facility may be eligible for more than one program, with the only limitation that a loan provided under Section 34.0104 and a grant provided under Section 34.0105, "considered together, may not support the addition or construction of more than 10,000 megawatts of generation capacity."

Thus, eligibility or application for a grant or loan in one program should not adversely affect an entity's eligibility in another program. For instance, if an SWGR is determined to be eligible or ineligible for a bonus grant payment under the ERCOT Completion Bonus Program, that should not render the SWGR ineligible for a grant for facilities located outside the ERCOT power region. Consistent with the goals of SB 2627, Golden Spread requests that the Commission be deliberate in this rulemaking project so as not to inadvertently disincentivize or prohibit participation in another TEF program.

VI. CONCLUSION

SWGRs have the potential to support reliability in the ERCOT grid. To provide certainty and incentive for these type resources to provide power to ERCOT, the Commission should clarify that existing or new SWGRs are eligible to participate in the Completion Bonus Grant Program, even if they are used for planning purposes in a different RTO during certain periods. The Commission should also provide for timely response to applications and payment requests and ensure that the TEF programs work together to encourage switchable generation that can benefit ERCOT.

Submitted: January 5, 2024



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**PUBLIC UTILITY COMMISSION
OF TEXAS**

EXECUTIVE SUMMARY

Golden Spread Electric Cooperative, Inc. makes the following recommendations:

- 1) **Clarify eligibility of switchable dispatchable generating resources.** Switchable dispatchable generating resources can be valuable contributors to ERCOT. The Commission should clarify that these resources are eligible for the Completion Bonus Grant Program subject to the same performance standards as other generators, even if they might be used for seasonal planning purposes in another RTO during certain periods.
- 2) **Action on eligibility and payments within 60 days.** The Commission should file the notice of eligibility for an applicant within 60 days of the filing of the application, and act on a grant payment request within 60 days of receipt of the request.
- 3) **Coordination of TEF programs.** Eligibility or application for a grant or loan in one program should not render the entity ineligible for another program. Moreover, ineligibility for one program should not adversely affect eligibility in another program.