



Control Number: 55991



Item Number: 147

OPEN MEETING COVER SHEET COMMISSIONER MEMORANDUM

MEETING DATE: August 29, 2024

DATE DELIVERED: August 28, 2024

AGENDA ITEM NO.: 5

CAPTION: Docket No. 55991 – Application of Lone Star Transmission, LLC to Amend Its Certificate of Convenience and Necessity and Notice of PURA § 14.101 Transaction


DESCRIPTION: Chairman Thomas Gleeson Memorandum

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Public Utility Commission of Texas

Commissioner Memorandum

TO: Commissioner Lori Cobos
Commissioner Jimmy Glotfelty
Commissioner Kathleen Jackson
Commissioner Courtney K. Hjaltman

FROM: Chairman Thomas J. Gleeson 

DATE: August 28, 2024

RE: August 29, 2024 Open Meeting – Item No. 5
Docket No. 55991 – *Application of Lone Star Transmission, LLC to Amend Its Certificate of Convenience and Necessity and Notice of PURA § 14.101 Transaction*

A briefing order was filed in this docket on May 22, 2024. Based on my review of the threshold issues and the parties' briefs on these issues, I recommend that the Commission make the following determinations:

Answer to Threshold Question 1: ERCOT has an obligation under PURA § 39.151(a)(2) to review the conversion of a private generation tie line to a networked transmission line within the ERCOT grid.

- ERCOT's duty under PURA § 39.151(a)(2) is to ensure the reliability and adequacy of the regional electrical network.
- ERCOT cannot perform its obligation under the statute if the scope of its planning does not include the conversion of private lines to public transmission facilities that are integrated within the grid.
- The effects on the reliability and adequacy of the electrical network from integrating a transmission line into the grid are not dependent on whether the line formerly operated as a private line or whether it will be newly constructed.

Answer to Threshold Question 1a: The proposed transmission facilities that would result from the conversion of a private generation tie-line are subject to ERCOT's comprehensive transmission planning obligation under 16 Texas Administrative Code (TAC) § 25.361(d)(1).

- Under 16 TAC § 25.361(d), ERCOT must conduct transmission system planning and exercise comprehensive authority over the planning of bulk transmission projects that affect the transfer capability of the ERCOT transmission system.
- The conversion of a unidirectional, 345 kV, private generation tie line to a bi-directional, networked transmission facility affects the transfer capability of the ERCOT transmission system. Thus, the proposed transmission facilities are subject to ERCOT's comprehensive transmission planning authority.

- Because the rule applies, ERCOT must make a recommendation to the Commission as to the need for the proposed transmission facility.

Answer to Threshold Question 1b: The request for a CCN amendment for transmission facilities as an economic project under PURA § 37.056(d) does not require that ERCOT review the project and make a recommendation under 16 TAC § 25.101(b)(3)(A). However, under the rule, the Commission gives great weight to a cost-benefit study that is conducted by ERCOT.

- The Commission's rule requires that an applicant under the economic planning criteria provide a review of the costs and benefits to determine economic need.¹
- The rule provides that the Commission will give great weight to a cost-benefit review performed by ERCOT.
- Although ERCOT is not required by the rule to conduct an economic need analysis, ERCOT's protocols still require it to review all Tier 1 and Tier 2 projects, which includes proposed economic projects.

Answer to Threshold Question 1c: If a proposed transmission project involves the conversion of a private generation tie line to a transmission line, the ERCOT nodal protocol sections 3.11.4.6 and 3.11.4.7 will be invoked insofar as those provisions require ERCOT to conduct an independent review of transmission projects in excess of \$100 million or projects that require a CCN.

- The ERCOT protocols require all transmission projects in tiers 1, 2, and 3 to be submitted to ERCOT's Regional Planning Group (RPG) for review.
- Tier 1 transmission projects are those with estimated capital costs greater than or equal to \$100 million. Tier 2 transmission projects are those less than \$100 million for which a CCN is required.
- If a proposed transmission project involves the conversion of a private generation tie line to a transmission line networked in the grid, and is either in excess of \$100 million or requires a CCN, ERCOT will be required to conduct an independent review.

Because of my recommended answers to threshold question 1, I would decline to address questions 2–4 from the briefing order at this time.

I look forward to discussing this matter with you all at the open meeting.

¹ 16 TAC § 25.101(b)(3)(A)(i).