



Filing Receipt

Filing Date - 2024-12-06 09:25:48 AM

Control Number - 56896

Item Number - 59

Public Utility Commission of Texas

Memorandum

TO: Chairman Thomas J. Gleeson
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty
Commissioner Kathleen Jackson
Commissioner Courtney K. Hjaltman

FROM: Tracie Tolle, Texas Energy Fund Director

DATE: December 12, 2024

RE: **December 12, 2024 Open Meeting – Item No. 32**
Project No. 56896 –Texas Energy Fund In-ERCOT Loan Program Reports and Filings

Commission Staff will provide a high-level update for the four Texas Energy Fund initiatives (In-ERCOT Generation Loan Program, Completion Bonus Grant Program, Texas Backup Power Package Program & Outside ERCOT Grant Program). The Texas Energy Fund has made progress with all programs, and an overview of the program's achievements and upcoming milestones is attached in a brief two-page summary.

Texas Energy Fund Update

December 2024

Accomplishments

Milestones*

In-ERCOT Generation Loan Program

Finance upgrades and new construction of dispatchable generating facilities within the ERCOT power region.

- Adopted rules for In-ERCOT Generation Loan Program on 3/21/24
- Launched online application portal, began accepting apps by 6/1 legislative deadline
- Reviewed 72 applications; 16 are currently in the Due Diligence phase
- Held 16 virtual kickoffs and 16 in-person executive meetings for due diligence

Jun. 1 - Jul. 27, 2024	Application Submission
Jul. 27 - Aug. 2024	Application Review
Sep. 2024 - Oct. 2025	Due Diligence Period
May - Jun. 2025	Financial Close
Jul. - Nov 2025	Conditions Precedent
Dec. 2025	Deadline for Disbursements
2026 - 2050	Performance Monitoring

\$0 \$ awards expended to date

Completion Bonus Grant Program

Provide bonus grants in 10 annual installments for the completion of dispatchable electric generating facilities in ERCOT by certain dates.

- Adopted 16 TAC § 25.511 on 4/25/24
- Application go-live on track for 1/1/2025
- Grant Agreement, Policies, Manual, FAQs drafted
- Staff is developing video tutorial for applicants

Jan. 1, 2025	Application Open
2025 - Onward	Application Review
Before June 1, 2026	Interconnect for \$120,000/MW
Jun. 1, 2026 - Jun. 1, 2029	Interconnect for \$80,000/MW
December 1, 2040	Program Close

\$0 \$ awards expended to date

Outside ERCOT Grant Program

Fund transmission, distribution, and electric generation infrastructure outside the ERCOT region.

- Began rulemaking process, currently reviewing and drafting responses to comments that were submitted during the comment period that ended 11/7/2024
- Target Rule Adoption in January

2025 - Onward	Application Submission
2025 - Onward	Application Review
2025 - Onward	Grant Agreement Due Diligence
2025 - Onward	Performance Monitoring
2025 - Onward	Disbursements
Ongoing	Capital Asset Reporting

\$0 \$ awards expended to date

Texas Backup Power Package Program

Grants and loans for multi-day backup power sources supporting islanding and standalone generation for critical facilities.

- Research Entity Initial Report received 9/9/24; TBPP Advisory Committee Report received 10/1/24
- Research Entity final report due 1/21/25
- Stakeholder Workshop held 11/13/24 for input into critical facility operations, package sizing, and ownership models
- Rulemaking to begin in 2025

Late 2025	Application Submission
2025 - Onward	Application Review
2026 - Onward	Grant/Loan Agreement Execution
2026 - Onward	Disbursements
2026 - Onward	Performance Monitoring

\$0 \$ awards expended to date

*Dates subject to future revision based upon Program requirements.

>>> In-ERCOT Generation Loan Program

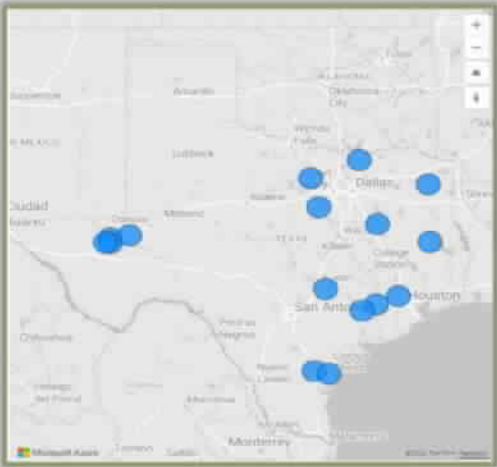
Provides low-interest loans to qualifying companies for the construction of new dispatchable electric generating facilities in the ERCOT power region or the expansion of existing facilities providing power to the ERCOT power region. At the August 29, 2024, PUCT Open Meeting, the Commission identified applications to advance to the due diligence phase of the application review process. Information about the applicants identified to proceed to due diligence is available in the TEF In-ERCOT Generation Loan Program Memoranda [available on Interchange \(Project No. 56896\)](#).

Portfolio (As of December 2, 2024):

16 Portfolio Applications

\$4.54B Total Portfolio Loans

8,489 Total Portfolio Megawatts



Where We Are Now: Due Diligence

In the due diligence phase, projects’ creditworthiness and viability will be evaluated to determine their eligibility for TEF funding. This process encompasses assessing key areas, including but not limited to:

- Technical

Market

Financial

Environmental

Legal

Know Your Customer / Anti-Money Laundering

Insurance

KYC Components

Applicant Due Diligence Process Timeline					
2024		2025			
Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
TERM SHEET DISCUSSIONS			FINANCING DOCUMENTS		
11/15	11/30	12/15	1/30		12/16
Hard Deadlines					
November 15, 2024: VDR set up & Data requested for KYC docs populated in VDR					
November 30, 2024: Final management case in financial model that meets TEF Administrator standards in VDR					
December 15, 2024: Initial discussions of term sheet key covenants begin between applicant & TEF					
January 30, 2025: Applicant to agree to Term Sheet					
December 16, 2025: First disbursements made on each loan					

Due Diligence – Know Your Customer (KYC) Components	
The Know Your Customer (KYC) portion of the due diligence process consists of 12 components.	
1	Initial Contact
2	Applicant & Sponsor Identity Verification
3	Controlling Parties
4	Beneficial Owners
5	Applicant & Sponsor Background Review
6	In Person Interview
7	Request for Information (“RFI”)
8	Purpose of the Loan
9	Source of Funds
10	Business Operations / Source of Income
11	Entity Type Specific Due Diligence
12	Additional Verification, Screening, and Background Review

Note: Applications which have advanced to due diligence are not guaranteed a loan award.