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PUC PROJECT NO. 57602

PERMIAN BASIN RELIABILITY PLAN FOR REPORTING REQUIREMENTS AND MONITOR	**§ § §**	**BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS**

LCRA TRANSMISSION SERVICES CORPORATION'S COMMENTS ON THE PROPOSAL FOR PUBLICATION OF NEW 16 TEX. ADMIN. CODE § 25.98

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

LCRA Transmission Services Corporation (LCRA TSC) submits the following comments and executive summary in response to Commission Staff's Proposal for Publication (PFP) of new 16 Tex. Admin. Code (TAC) § 25.98, relating to Permian Basin Reliability Plan Reporting Requirements and Monitor.

I. INTRODUCTION

The proposed rule creates reporting requirements for transmission service providers (TSPs) responsible for the ownership, construction, and operation of Permian Basin Reliability Plan (PBRP) common local projects and import paths, as approved by the Commission's Order in Project No. 55718. As a TSP identified to construct, own, and operate a number of projects in the PBRP, LCRA TSC has taken significant steps to begin scoping, developing conceptual design and preliminary cost estimates, preparing applications to amend its Certificate of Convenience and Necessity (CCN), and coordinating with other TSPs. Despite these efforts, LCRA TSC is concerned that some of the proposed reporting requirements will be in place prematurely, before the TSPs have key information necessary to provide reliable schedule and cost estimate data to the Commission and other stakeholders. In addition, due to the duplicative nature of many of the proposed reporting requirements relative to existing TSP obligations, LCRA TSC is concerned that the cost of compliance in some instances will outweigh the potential benefits. Accordingly, LCRA TSC provides the following comments and suggested edits aimed at enhancing the value of the information reported and streamlining the obligations on reporting TSPs.

II. COMMENTS ON PFP

(a) Purpose and applicability.

LCRA TSC recommends that the rule apply only to the import path projects that the Commission ultimately approves for construction under paragraph 4 in its Order in Project No. 55718. While LCRA TSC expects a decision on the "345-kV or 765-kV" voltage class question to precede the effective date of this rule, if that determination is delayed, the affected TSPs should not be required to file reports or be subject to oversight by the monitor for projects that will not be constructed. LCRA TSC recommends the Commission make the following changes to this section of the PFP:

> (a) **Purpose and applicability.** This section sets forth the reporting requirements for a transmission service provider (TSP) responsible for the ownership, construction, and operation of a Permian Basin Reliability Plan (PBRP) common local project ~~or import path (PBRP project)~~ approved by the commission's order issued on October 7, 2024 in Project No. 55718, relating to Reliability Plan for the Permian Basin Under PURA §39.167<u>, or an import path approved pursuant to paragraph 4 of the October 7, 2024 order based on the commission's selection of 345-kV or 765-kV import paths (PBRP project)</u>. These requirements are in addition to the reporting requirements set forth in §25.83 of this title (relating to Transmission Construction Reports). This section also establishes the duties of the commission's monitor to oversee the completion of the PBRP.

(b) Initial implementation schedule requirements.

As an initial matter, LCRA TSC questions the benefit of requiring initial implementation schedule reports at all, in addition to the other PBRP-specific reports proposed in the PFP and on top of the significant information that TSPs must already submit to the Commission as part of their Monthly Construction Progress Reports (MCPRs). Under subsection (c) of the PFP, TSPs will be filing progress reports for their non-CCN projects as soon as 15 days from the date they file their initial implementation schedule reports (in the event the following month starts a new quarter). Moreover, those same projects will have to be included on the TSP's MCPR at least 45 days before construction commences. For CCN projects, TSPs have already worked diligently to identify the projects that they expect will require CCN amendment applications—along with the target CCN filing dates—and provided that information to the Commission in their February 20, 2025 joint filing in Project No. 57441, *Petition for Consolidated Permian Basin Reliability Plan CCN Filing Authorization*. The CCN application itself will include all the milestone reporting requested in subsection (b), and simultaneously with the CCN application, the TSP will also include those projects in its MCPR.

Given these overlapping requirements, LCRA TSC respectfully submits that the Commission will already have the best available schedule information from TSPs through other channels, and the requirement to file initial implementation schedule reports should be removed from the final rule. Alternatively, the deadline in subsection (b) should be modified to within 30 days of a Commission order assigning the TSP responsibility ***or*** 30 days from the date the Commission form is developed and published, ***whichever is later***. TSPs will need sufficient time to prepare the information requested in the format prescribed by the Commission, which is still not known at the time of this rulemaking.

In addition, if the Commission maintains the requirement to submit initial implementation schedule reports, the form should allow TSPs to submit ***estimated date ranges*** (e.g., across calendar quarters) rather than specific dates certain, as detailed project schedules will still be under development at the time the initial reports must be submitted.[1]

(c) Quarterly progress report requirements.

LCRA TSC recommends requiring less frequent progress reporting than quarterly, as most of the relevant information will already be provided to the Commission in the MCPR and, for projects requiring a CCN amendment, in the CCN application itself. Requiring only annual progress reports, or progress reports filed every six months, should establish a sufficient baseline for the subsequent "significant change" reports required under subsection (d) of the PFP.

(c)(2) PBRP projects that do not require a CCN.

The PFP would require progress reports for non-CCN projects to be initiated the fifteenth day of a new quarter following the filing date of the TSP's initial implementation schedule, and every quarter thereafter. If the goal of the progress reporting is to provide timely and accurate information, this proposed requirement is both too soon and too frequent. It is very likely that initial progress reports for CCN-exempt projects would need to be filed by mid-2025, even if the TSP did not plan to commence work for several years. Even more importantly, the cost estimate data provided in a 2025 initial progress report is likely to be extremely stale and bear little relationship to the actual cost of constructing a project that will not even go to bid for several years,

[1] Presently, LCRA TSC is working diligently to respond to Commission Staff's request for information in Project No. 55718, which, among other data, seeks schedule information for the PBRP import path projects. While LCRA TSC understands the need at this stage for high level information to inform the Commission's determination on the voltage class for the import paths, it would be reasonable to trigger the "significant change" variance reporting off more developed schedule information that will be available later in the process of developing CCN application and MCPR submissions.

let alone commence construction. By contrast, MCPR reporting for non-CCN projects is triggered just 45 days before construction commences. A similar reporting trigger should apply here, or at most six months before the TSP plans to commence construction, with annual or six-month progress reports due thereafter.

(c)(4) Costs.

With respect to cost estimates for projects not requiring a CCN amendment, LCRA TSC recommends that it would be more reasonable for the TSP to report an overall project cost estimate, not broken down into the more granular "CCN cost categories" listed in (c)(4)(A)-(E). It is not customary for costs to be tracked in this manner for projects that do not require a CCN amendment, and of course some of these categories would not apply to a CCN-exempt project.

Related to the timing concerns noted above, there will be significant challenges associated with prematurely reporting cost estimates in a quarterly progress report for projects that will not be constructed for several years. Given the impacts of inflation and other market factors on engineering and construction labor, equipment, and materials, it would be misleading to compare a cost estimate generated in 2025 dollars for a project that is expected to begin in 2027, or even later. The Commission should also be mindful that not every TSP will apply cost escalators or include contingency, and all TSPs will use different cost estimating methodologies and apply different assumptions, making it nearly impossible to draw accurate conclusions about "variances" between estimated costs and actuals among the different TSPs.

(d) Reporting significant changes.

LCRA TSC appreciates the need for the Commission and the monitor to be kept apprised of variances to the schedule and estimated costs of projects, but urges the Commission to adopt a more reasonable timeline for requiring updates on significant changes. The PFP's recommendation of "10 days," without specifying calendar or working days, is insufficient. The PFP also incorrectly characterizes the shifting of any component schedule activity as "significant." On the contrary, whether activities like engineering and design or procurement shift within an overall project schedule may have no bearing on whether the project will complete on time. The rule should also be clear that a "significant change" that must be reported expressly refers to a change of more than 90 days to the PBRP energization date reported under subsection (c). In sum, the final rule should require reports no fewer than 15 business days from the date the TSP determines that a significant change to the estimated project cost or in-service date has occurred; the proposed trigger of the TSP "becoming aware" of a significant change is too vague and uncertain a standard.

LCRA TSC recommends the Commission make the following changes to this section of the PFP:

(d) **Reporting significant changes.** Within ~~10 days~~ 15 business days of ~~becoming aware of~~ determining a significant change has occurred, a TSP must provide a detailed explanation of the reasons for the significant change and report that information to the commission's monitor in writing. A significant change ~~includes the following~~ means:

(1) an increase of more than 10 percent to the total cost estimate that was included in the TSP's initial ~~quarterly~~ progress report;

(2) a ~~change~~ delay of more than ~~60~~ 90 calendar days to the TSP's energization date of a PBRP project ~~from the initial estimated date to complete a milestone in the TSP's initial implementation schedule~~;

(3) a delay to the TSP's energization date of a PBRP project that is caused by the incomplete status of another PBRP project; and

(4) circumstances that pose a risk to the energization date of a PBRP project.

(h) Monitor cost assignment and apportionment.

Because the costs of the monitor will be included as PBRP project costs, the affected TSPs will need information regarding the expected allocation methodology in time to inform their project cost estimates for the periodic reports due under the rule. LCRA TSC asks that the Commission ensure the process for selecting the monitor, apportioning costs, and billing TSPs is transparent and collaborative.

III. CONCLUSION

LCRA appreciates the Commission's consideration of these comments and looks forward to engaging with Commission Staff to ensure that the reporting obligations are practical and achievable.

Respectfully submitted,

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LCRA TRANSMISSION SERVICES CORPORATION'S
EXECUTIVE SUMMARY

- Due to the duplicative nature of many of the proposed reporting requirements relative to existing TSP obligations, LCRA TSC is concerned that the cost of compliance with the proposed rule in some instances will outweigh the potential benefits.
- The rule should apply only to the import path projects that the Commission ultimately approves for construction under paragraph 4 in its Order in Project No. 55718, following a determination by the Commission on the voltage class to be constructed.
- The proposed requirement to file initial implementation schedule reports should be removed from the final rule, as the information is duplicative of what the TSP is already reporting to the Commission through other channels like the Monthly Construction Progress Report (MCPR). Alternatively, the deadline in subsection (b) should be modified to within 30 days of a Commission order assigning the TSP responsibility or 30 days from the date the Commission form is developed and published, whichever is later. TSPs will need sufficient time to prepare the information requested in the format prescribed by the Commission, which is still not known at the time of this rulemaking.
- LCRA TSC recommends requiring less frequent progress reporting than quarterly, as most of the relevant information will already be provided to the Commission in the MCPR and, for projects requiring a CCN amendment, in the CCN application itself. Requiring only annual progress reports, or progress reports filed every six months, should establish a sufficient baseline for the subsequent "significant change" reports required under subsection (d) of the PFP.
- With regard to "significant changes" affecting cost or schedule, the final rule should require reports no fewer than 15 business days from the date the TSP determines that a significant change has occurred.
- The rule should also be modified to define a "significant change" that must be reported means a change of more than 90 days to the PBRP energization date; however, modifications to the initially reported timeframes for beginning or completing intermediate milestones do not rise to the level of "significant" changes.
- Because the costs of the monitor will be included as PBRP project costs, the affected TSPs will need information regarding the expected allocation methodology in time to inform their project cost estimates for the periodic reports due under the rule. LCRA TSC asks that the Commission ensure the process for selecting the monitor, apportioning costs, and billing TSPs is transparent and collaborative.