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PUC PROJECT NO. 58481

RULEMAKING TO IMPLEMENT LARGE LOAD INTERCONNECTION STANDARDS UNDER PURA 37.0561	§ § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

TCPA RESPONSE TO STAFF QUESTIONS

Texas Competitive Power Advocates (TCPA) appreciates the opportunity to provide comments on Commission Staff's questions for comment filed on September 12, 2025. TCPA represents thirteen companies in the ERCOT competitive market that are independent generation resource owners, independent power marketers, or both. The generation assets in our companies' portfolios are primarily thermal dispatchable generation comprised of natural gas, nuclear, coal, and some energy storage resources. Our members own approximately 56,000 megawatts (MW) of generation capacity in ERCOT and represent approximately half of the MWs under due diligence review or with executed loan agreements in the Texas Energy Fund (TEF). In addition, several TCPA member companies are also building new thermal generation resources in ERCOT through conventional market financing, outside of the TEF.

SB 6 sought to balance the need for forecasting accuracy, reliability, appropriate allocation of transmission costs, and keeping Texas open for business development and growth. The workshops conducted over the summer on these topics revealed significant stakeholder alignment on the appropriate balance, and TCPA responses to the questions posed are offered with an eye toward striking that balance of ensuring load growth is realistic and welcomed.

STAFF QUESTIONS

a. *PURA §37.0561(f) requires the commission to establish standards for interconnecting a large load customer that includes a flat study fee of at least $100,000. Should the study fee be set at an amount that is greater than $100,000?*

TCPA RESPONSE: TCPA supports the proposed study fee of $100,000.

b. *PURA §37.0561(g) requires that a large load customer demonstrate site control for the proposed load location through an ownership interest, lease, or another legal interest acceptable to the commission. What other legal interest should the commission accept?*

TCPA RESPONSE: Options to purchase or lease are methods for Interconnecting Entities to establish proof of site control in the ERCOT Planning Guide, Section 5.3.2.1(1)(c), so it is appropriate to include those in this rule as an acceptable legal interest. These options are accepted as proof of site control for generators and generally contain a financial commitment to exercise the option for a certain time period. While TCPA supports the adoption of policies that apply prudent discipline to the load interconnection process, TCPA is concerned that excluding these legal interests from acceptable demonstrations of site control will discourage business development by large loads. Options to purchase or lease are a standard legal provision and should be included.

c. *PURA §37.0561(h) requires the commission to establish standards that include uniform financial commitment requirements for the development of transmission infrastructure needed to serve a large load customer.*

TCPA RESPONSES:

a. *For security provided on a dollar per megawatt basis, what dollar amount per megawatt should the commission set?*

While TCPA does not have a specific $/MW amount to recommend, some of its member companies will make their own recommendations. TCPA urges the amount to be a reasonable showing of real commitment but not so high that it closes the state for large load business and not so low that it does not create appropriately material "skin in the game" for the interconnecting large loads. TCPA recommends that, in evaluating an appropriate security amount to set, the Commission issue requests for information (RFIs) to ascertain the ranges of financial security posted by large load customers with the utility when they sign a Facilities Extension Agreement (FEA) (in $/MW or with sufficient information to translate into $/MW terms) and review the data contained in filings for Standard Generation Interconnection Agreements in Project 35077, *Informational Filing of ERCOT Interconnection Agreements Pursuant To Subst. R. §25.195(e)*, to discern what transmission costs have been and what they are expected to be in the near future. The

amount should be high enough to minimize the potential for stranded costs and provide skin in the game for the applicants to disincentivize duplicities in the interconnection queue.

b. *For contribution in aid of construction, what amount should a large load customer be required to pay?*

TCPA recommends that 100% of the upgrades that benefit only the interconnecting customer (i.e., interconnection facility costs) be covered by the contribution in aid of construction (CIAC) paid by the load. Upgrades that benefit other loads on the system should be recovered from all loads across the entire ERCOT region, including the interconnecting load.[1]

c. *For security provided under an agreement that requires a large load customer to pay for significant equipment or services in advance of signing an agreement to establish electric service, how should the commission define significant?*

Significant equipment and services required to interconnect a large load customer should be part of the CIAC, which was just addressed above, unless the customer is granted authority to procure equipment and services on behalf of the utility. In terms of what should count as "significant" and thus part of the required CIAC, there does not appear to be standardization of CIAC policies across transmission & distribution service providers (TDSPs), and TCPA recommends standardization across all TDSPs to reflect best practices and streamline business development across ERCOT. The CIAC should reflect the expected cost of the interconnection facilities for the customer.

d. *What other form of financial commitment not set forth in PURA §37.0561 should the commission accept?*

TCPA RESPONSE: TCPA has no comments at this time but reserves the right to provide comment at a later time, if needed.

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[1] PURA § 37.0561(h) does not preclude the Commission from utilizing more than one of the options listed in the statute (e.g., both a dollar per MW financial security requirement (subsection (h)(1)) and a CIAC (subsection (h)(2))) as the required financial commitment. To give the statute effect, the statute is reasonably interpreted as providing the Commission with discretion to impose one or more of the options in subsection (h) as the financial commitment requirement. *See* Tex. Gov't Code § 311.016 (noting that "may" creates discretionary authority or grants permission or a power); *id.* § 311.021 (dictating that in interpreting a statute, it is presumed that a result feasible of execution and a just and reasonable result are intended); 16 Tex. Admin. Code (TAC) § 25.214, figure (d) (stating that payments for CIAC may be required for requested facilities extensions in excess of a standard allowance, which TCPA understands would be the case for a large load interconnection request).

d. *PURA §37.0561(i) requires security to be refunded, in whole or in part, under certain circumstances.*
    a. *For how long should a large load customer be required to sustain operations to be eligible for a refund of the security that the large load customer paid?*
    b. *If a large load customer withdraws its request for all or a portion of the requested capacity, what restrictions should apply to the refunded security?*
    c. *If capacity subject to a financial commitment will be reallocated to one or more other customers, what restrictions should apply to the refunded security?*

TCPA RESPONSE: The clear goals of SB 6 are to support continued business development in Texas while minimizing the potential for stranded infrastructure costs and to increase the accuracy of the large load projections. PURA §37.0561 is where the majority of SB 6's stranded cost focus appropriately sits, with security deposits representing a financial commitment to support the transmission infrastructure development needed to serve these large loads, de-risking that transmission investment for other consumers.

The most conservative "prescribed period" to refund a security deposit, which TCPA is not advocating for, would be after the Commission has concluded the prudency review in a rate case associated with transmission investment and upgrades needed to reliably interconnect the large load customer but not before the full interconnection agreement MWs have been energized. However, the timeline for prudency review may be an unreasonable time to maintain economic development capital. Therefore, a more balanced approach would be to refund the deposit incrementally based on the large load achieving certain ramp milestones. For example, a 500 MW load might energize over the course of five years. An example of a refund schedule based on the amount of load energized is provided below:

Year in Service	MW Energized	Refund amount
1	50	10%
2	200	Additional 30%
3	350	Additional 30%

5	500	Remaining 30%

If this approach is chosen by the Commission, it may be appropriate to establish a timeframe in which the entire large load must be energized and provide that the remaining security deposit be applied to rate base if the large load fails to energize within that timeframe. If a large load customer withdraws all or a portion of its request for interconnection, then TCPA recommends using the provisions for generator interconnection deposits contained in 16 Texas Administrative Code (TAC) § 25.195(e)(1)(B), which states "[i]f the new transmission service customer's interconnection is not completed and the new transmission facilities are not required, the TSP may retain as much of the deposit or security as is required to cover the costs the TSP incurred in planning, licensing, and construction activities related to the planned new transmission facilities."

e. *PURA §37.0561(j) requires the commission to establish uniform requirements for determining when capacity that is subject to an outstanding financial commitment may be reallocated. What requirements should the commission establish to uniformly determine when capacity that is subject to an outstanding financial commitment may be reallocated?*

TCPA RESPONSE: TCPA has no comments at this time but reserves the right to provide comment at a later time, if needed.

f. *PURA §37.0561(k) requires the commission to establish a procedure that allows ERCOT to assess information collected by an interconnecting electric utility or municipally-owned utility to ensure compliance with the standards for transmission planning analysis. What procedure should the commission establish?*

TCPA RESPONSE: TCPA will defer to ERCOT and the utilities as to the appropriate process but recommends whatever process is established be appropriately transparent to all market participants, while also protecting any confidential information provided to ERCOT.

g. *What additional information should the commission consider in its implementation of PURA §37.0561?*

TCPA RESPONSE: TCPA supports the Commission considering additional information to support the veracity of the large load and its inclusion in ERCOT forecasts. Information such as whether the large load has the access to capital necessary to bring the project to fruition, whether there is an end-use customer secured via a letter of intent from the large load's customer, whether a public announcement of the capital expenditure has been made or some other binding document to demonstrate the actual load is secured to use the requested capacity are all additional pieces of information the Commission should evaluate reasonability of and consider (though TCPA is not advocating a specific set of information requirements at this time, only offering examples for consideration). Similarly, benchmarking against other national or ISO/RTO-level forecasts is a reasonable control, and sufficient information about anticipated load flexibility should also be incorporated. The prime objective is to ensure the load is reasonably probable to become "real" that ERCOT include it in its planning, exclude speculative or duplicative load interconnection requests, and have reasonable expectations for the relative firmness/flexibility of that projected load. While the broader issue of large load forecasting is being taken up in a separate rulemaking project, TCPA recommends that the rule regarding large load interconnection standards could also include provisions to help improve the market's trust in the load projections. Specifically, TCPA recommends that the rule include a requirement to improve transparency on the load interconnection queue by publishing reports similar to the generation interconnection queue, which reflects the different milestones that the loads have met. To accommodate confidentiality requirements, the report could be provided at an aggregate level and could provide total MWs of load in each county that are at different stages in meeting the different milestones.

CONCLUSION

TCPA appreciates the opportunity to provide comment on these important questions. TCPA looks forward to continuing to work with Staff, the Commission, and other stakeholders to ensure the large loads coming to ERCOT are real and verifiable and consumers are protected from paying for stranded costs.

Dated: October 10, 2025

Respectfully submitted,

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EXECUTIVE SUMMARY OF TCPA RESPONSE STAFF QUESTIONS

- TCPA supports the $100,000 study fee in Senate Bill 6 for all large loads.

- Options to purchase or lease are included in ERCOT's Planning Guides and are a standard legal provision to demonstrate site control and thus should be included in the Commission's acceptable means to demonstrate site control for large loads.

- TCPA recommends standardization of the contribution in aid of construction (CIAC) across all utilities in the ERCOT region.

- The CIAC should be set to cover 100% of the interconnection costs of the large load customer.

- For the $/MW financial commitment, while TCPA does not have a specific $/MW amount to recommend, some of its member companies will make their own recommendations. TCPA urges the amount to be a reasonable showing of real commitment but not so high that it closes the state for large load business and not so low that it does not create appropriately material "skin in the game" for the interconnecting large loads.

- Prior to setting the financial commitment requirements, TCPA recommends the Commission issue RFIs to ascertain relevant transmission costs and review data contained in Project No. 35077, which provides detailed information regarding SGIAs and financial commitments.

- If a large load customer withdraws all or a portion of its request for interconnection, then TCPA recommends using the provisions for generator interconnection deposits contained in 16 Texas Administrative Code (TAC) § 25.195(e)(1)(B), which states "[i]f the new transmission service customer's interconnection is not completed and the new transmission facilities are not required, the TSP may retain as much of the deposit or security as is required to cover the costs the TSP incurred in planning, licensing, and construction activities related to the planned new transmission facilities."

- Refunds of the security deposit should be provided incrementally based on the large load achieving certain ramp milestones, pro-rated each year based on the amount of its full capacity that has been energized. The Commission may want to set a deadline for the load to fully energize in order to receive its full security back (e.g., five years), and if the large load does not fully energize by that time, to provide for the remaining security to be applied to lower the utility's rate base.

- Additional information the Commission should consider in establishing the veracity of a large load should include access to capital necessary to bring the project to fruition, public announcements of capital expenditure or end-use consumer commitment, and letter of intent from end-use consumer for the capacity.

- TCPA recommends that the rule include requirements to improve transparency on the load interconnection queue by publishing a report similar to generation interconnection queue that meets the confidentiality requirements of load interconnection.