

Barry T. Smitherman
Chairman



Rick Perry
Governor
37448
JUN 1 2010
AM 10:58
PUBLIC UTILITY COMMISSION
FILING CLERK

Public Utility Commission of Texas

June 1, 2010

Mr. H. B. "Trip" Doggett
President and Chief Executive Officer
ERCOT
7620 Metro Center Drive
Austin, Texas 78744

Dear Trip:

Although I raised this issue at the EROCT Board of Directors meeting on May 18, 2010, I want to reiterate my request for ERCOT staff to thoroughly re-evaluate the need for the Gillespie to Newton transmission line as included in Scenario 2 of the CREZ Transmission Optimization Study filed by ERCOT in Docket No. 33672.

ERCOT staff did provide an explanation of the continued need for the Gillespie to Newton line, as it was included in the original CTO Study, by way of a letter dated May 12, 2010 (see attached). However, several other non-CREZ transmission lines are planned for or under construction in the general area, including the Clear Springs to Salado line and the recently-approved Bell County east to TNP One line. In addition, the recently-completed, private NextEra "gen-tie," which runs from the Horse Hollow Wind Energy Center in Taylor and Nolan Counties to the Kendall substation, may have changed some of the original assumptions regarding congestion at the Kendall substation. Also, if congestion at the Kendall substation is a concern, ERCOT staff should consider whether an additional circuit installed along existing lines from Kendall to Cagnon or Kendall to Hays is a possible solution.

Trip, I would like the assurance from ERCOT planning staff that all projects, both constructed and planned, are taken into account when evaluating whether or not the Gillespie to Newton line is still required.

Thank you for your assistance and I appreciate you and your staff's hard work on this issue.

Sincerely,

A handwritten signature in black ink, appearing to be "B. T. Smitherman".

Barry T. Smitherman



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PUBLIC UTILITY COMMISSION
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May 12, 2010

Chairman Barry T. Smitherman
Commissioner Donna L. Nelson
Commissioner Kenneth W. Anderson, Jr.
1701 N. Congress Ave.
P.O. Box 13326
Austin, Texas 78711-3326

Re: Docket No. 37448 - Follow-Up Information in Response to Questions at the April 23, 2010 Open Meeting Discussion regarding Docket No. 37448, Application of LCRA Transmission Services Corporation to Amend its Certificate of Convenience and Necessity for the Gillespie-to-Newton 345-kV Competitive Renewable Energy Zone (CREZ) Transmission Line in Gillespie, Llano, San Saba, Burnet, and Lampasas Counties, Texas

Dear Commissioners:

Per your request at the April 23, 2010, Open Meeting of the Public Utility Commission of Texas (PUCT), the Electric Reliability Council of Texas, Inc. (ERCOT) is providing follow-up information in response to the questions that Chairman Smitherman posed to Dan Woodfin, Director of System Planning at ERCOT, regarding the Gillespie-to-Newton circuit in Docket No. 37448. Specifically, Chairman Smitherman asked the following three questions:

- 1) Is the Gillespie-to-Newton circuit still necessary given changes in system conditions since the completion of the CREZ Transmission Optimization (CTO) Study?
- 2) Is the connection of this circuit into the Gillespie substation necessary or could the circuit directly connect into the Kendall substation?
- 3) Can the Newton substation be moved?

The over-arching goal of the CTO Study was to develop cost-effective transmission solutions for specified levels of wind generation in the CREZs. During the study development process,

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transmission element in the recommended plans to ensure that each transmission element was necessary. All unnecessary transmission elements were removed from the CREZ Transmission Plan (CTP) during the study development process. As a result of this analysis, it is not possible to remove any element or any proposed connection to the existing ERCOT system in the CTP without affecting the overall capability of the CTP.

The Kendall-to-Newton circuit described in the CTP consists of the Kendall-to-Gillespie and Gillespie-to-Newton circuits. ERCOT discussed the need for the Kendall-to-Newton circuit on pg. 36 of the CTO Study that was filed in PUCT Docket No. 33672. The CTO Study states that a new 345-kV circuit from Kendall to another load area is necessary to relieve congestion under high wind conditions on the 138-kV circuits leaving the Kendall substation. The Kendall-to-Newton circuit was selected due to cost-effectiveness and consistency with the long-term needs of the Hill Country region. Nothing has occurred to change the need for the circuit as determined in Docket No. 33672. Furthermore, the effectiveness of related circuits, including the Big Hill (McCamey D)-to-Kendall circuit, that are necessary to relieve congestion from existing wind generation, will be reduced until the Gillespie-to-Newton circuit is built.

The connection of the Kendall-to-Newton circuit into the Gillespie substation, which serves as a connection point for multiple 138-kV circuits serving load in the nearby communities, is essential to support the overall functionality of the Kendall-to-Newton circuit. A substitute connection to the load served from the 138-kV system in this area, such as a connection to the Ferguson substation, could be developed, but an alternative connection point would be more expensive than connecting into the Gillespie substation and may require additional new 138-kV rights-of-way (ROWs). If the Commission chooses to pursue an alternative connection point and remove the Gillespie substation from the CTP, ERCOT requests legal guidance from the Commission as the Final Orders in PUCT Docket Nos. 37928 and 37902¹ may not provide ERCOT with the flexibility to make this modification.

¹ See Priority Projects Severed from Docket No. 37902 (Remand of Docket No. 35665 (Commission Staff's Petition for Selection of Entities Responsible for Transmission Improvements Necessary to Deliver Renewable Energy From Competitive Renewable Energy Zones), Docket No. 37928 at 27 (February 25, 2010); Remand of Docket No. 35665 (Commission Staff's Petition for Selection of Entities Responsible for Transmission Improvements Necessary to Deliver Renewable Energy From Competitive Renewable Energy Zones), Docket No. 37902 at 30 (March 30, 2010).

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From a system functionality perspective, the location of the Newton substation can be moved several miles in either direction along the line between Brown and Killeen without adversely affecting the capability of the overall CTP, as long as the topology of the CTP (i.e., the way the circuits are connected into the Newton Substation), is not altered by the change in location.

ERCOT appreciates the opportunity to provide follow-up information in response to Chairman Smitherman's questions about LCRA's Gillespie-to-Newton project. Dan Woodfin will be available at the May 14, 2010 open meeting to address any further questions that you may have regarding this matter.

Sincerely,



Matt Morais

Assistant General Counsel