

**PROJECT NO. 55718**

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**RELIABILITY PLAN FOR THE  
PERMIAN BASIN REGION UNDER  
PURA § 39.167**

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**PUBLIC UTILITY COMMISSION  
OF TEXAS**

**ORDER APPROVING THE RELIABILITY PLAN  
FOR THE PERMIAN BASIN REGION**

Pursuant to PURA<sup>1</sup> §§ 39.166 and 39.167, and to the extent provided in this Order, the Commission approves the reliability plan submitted by the Electric Reliability Council of Texas, Inc. (ERCOT) to serve the Permian Basin region through 2038.<sup>2</sup> This includes approval of all the common local projects that are required to serve the region through 2038, irrespective of the voltage level that the Commission approves for the import paths,<sup>3</sup> and authorization for transmission service providers (TSPs) to prepare Certificate of Convenience and Necessity (CCN) applications for all eight import paths,<sup>4</sup> which include three extra high voltage (EHV) 765-kilovolt (kV) import paths<sup>5</sup> and five 345-kV import paths.<sup>6</sup> ERCOT must work with the TSPs preparing the CCN applications for the eight import paths to identify the import paths that will be needed to serve load in 2030 so that the preparation of those CCN applications is prioritized by the applicable TSPs.

Authorization to file the CCN applications for the eight import paths is subject to the Commission’s decision on EHV on a statewide basis by May 1, 2025. The Commission determines

<sup>1</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

<sup>2</sup> *Reliability Plan for the Permian Basin Under PURA § 39.167*, Project No. 55718, ERCOT Permian Basin Reliability Plan Study Report (Jul. 25, 2024) (Permian Basin Reliability Plan); ERCOT Permian Basin Reliability Plan Study Report Addendum (Sept. 11, 2024) (Reliability Plan Addendum).

<sup>3</sup> Permian Basin Reliability Plan at 45-48, Table 7.1: Common Local Transmission Upgrades Needed in 2030 and 2038.

<sup>4</sup> Reference to “import path” in this Order includes the incremental local transmission upgrades and incorporates the modifications in ERCOT’s September 11, 2024 addendum.

<sup>5</sup> Permian Basin Reliability Plan at 51-52, Table 7.5: 765-kV Import Paths and Associated Incremental Local Transmission Upgrades.

<sup>6</sup> ERCOT Permian Basin Reliability Plan Study Addendum at 4-5, Table 1: Modified 2038 345-kV Import Paths and Associated Incremental Local Transmission Upgrades.

that this approach: (1) allows the applicable TSPs to begin preparing CCN applications for the import paths that are necessary to serve the electricity needs of the Permian Basin region, (2) allows ERCOT and the Commission to complete their EHV review, and (3) ensures timely development and approval of necessary transmission service improvements, as required by PURA § 39.166(b).

Section 39.167 of PURA, implementing House Bill (HB) 5066, enacted by the 88th Texas Legislature, requires the Commission, not later than January 30, 2024, to direct ERCOT to develop a reliability plan under PURA § 39.166 for the Permian Basin region. In compliance with this legislative mandate, the Commission issued an order on December 14, 2023, directing ERCOT to (1) develop a reliability plan for the Permian Basin region under PURA § 39.166, and (2) file its final reliability plan at the Commission no later than July of 2024. Additionally, the Commission's December 14, 2023 Order required that the reliability plan developed by ERCOT address the factors set forth in PURA § 39.167(b). Specifically, ERCOT's reliability plan was required to:

- (1) address extending transmission service to areas where mineral resources have been found;
- (2) address increasing available capacity to meet forecasted load; and
- (3) provide available infrastructure to reduce interconnection times in areas without access to transmission service.

In response, after stakeholder workshops<sup>7</sup> and Regional Planning Group (RPG) discussions,<sup>8</sup> ERCOT filed the Permian Basin Reliability Plan at the Commission on July 25, 2024.<sup>9</sup> As required by PURA § 39.166, ERCOT's assessment of transmission needs in the Permian Basin region is based on load forecast information provided by TSPs.<sup>10</sup> These forecasts, which include a study of future oil and gas demand performed by S&P Global, show that, by 2030, TSPs

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<sup>7</sup> The Commission held an in-person workshop in Midland, Texas that was live streamed on December 12, 2023, and ERCOT held a workshop in Austin, Texas with the option to participate in-person or virtually via WebEx on June 28, 2024.

<sup>8</sup> ERCOT Staff presented status updates on the Permian Basin Reliability Plan and engaged with stakeholders at RPG meetings on the following dates: March 18, 2024, June 11, 2024, and July 16, 2024.

<sup>9</sup> *Reliability Plan for the Permian Basin Under PURA § 39.167*, Project No. 55718, ERCOT Permian Basin Reliability Plan Study Report (Jul. 25, 2024) (ERCOT Reliability Plan).

<sup>10</sup> Permian Basin Reliability Plan at 6; *see also* PURA § 39.166(a)(1) (providing that the "existing and forecasted load" that ERCOT uses in identifying transmission needs as part of a reliability plan must be the load that is "reasonably determined by the certificated transmission service provider.").

anticipate approximately 23,659 MW of load in the Permian Basin region and by 2038, TSPs anticipate a total projected demand of approximately 26,400 MW.<sup>11</sup>

The Permian Basin Reliability Plan consists of new and upgraded 138-kV and 345-kV transmission lines, substations, and equipment that represent the common local projects for the area that will allow for the expansion of transmission service to areas where minerals have been found and will reduce interconnection times for transmission service. The Permian Basin Reliability Plan also provides new import paths that consist of 345-kV and EHV 765-kV transmission line options that will increase access to available generation capacity to meet the region's growing electricity needs.

After ERCOT filed its reliability plan at the Commission, Commission Staff issued a memorandum on July 30, 2024, requesting stakeholder comment on the reliability plan. Stakeholders filed comments on August 9, 2024, and Commission Staff held a stakeholder workshop on August 22, 2024. On September 11, 2024, ERCOT filed an addendum to its reliability plan modifying the recommended endpoint of one of the 345-kV import paths and providing an updated table identifying the five recommended 345-kV import paths.

To ensure timely development and approval of necessary transmission service improvements, as required by PURA § 39.166(b):

1. The Commission approves all the common local projects that are required to serve the Permian Basin region through 2038, irrespective of the voltage level that the Commission approves for the import paths, as identified in Table 7.1 of the Permian Basin Reliability Plan.
2. The Commission authorizes the applicable TSPs to begin preparing CCN applications for all eight transmission import paths to serve load in 2038, which include the three 765-kV import paths identified in Table 7.5 of the Permian Basin Reliability Plan and the five 345-kV import paths identified in Table 1 of the Reliability Plan Addendum.
3. ERCOT must work with the TSPs to identify the import paths that would be needed to serve load in 2030 so that the preparation of those CCN applications is prioritized by the applicable TSPs.

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<sup>11</sup> Permian Basin Reliability Plan at 9, Table 2.4 Permian Basin Region Load Comparison.

4. Authorization for the preparation of the CCN applications is conditioned as follows:
  - a. If by May 1, 2025, the Commission has decided to move forward with allowing TSPs to build 765-kV transmission in the ERCOT region on a statewide basis, then the three import paths with 765-kV are considered approved and the TSPs responsible for the ownership, construction, and operation of these import paths may file their CCN applications at 765-kV at the Commission. Upon approval of the three import paths at 765-kV, the Commission's authorization for the preparation of CCN applications for the five 345-kV import paths expires.
  - b. If by May 1, 2025, the Commission has not decided to move forward with allowing TSPs to build 765-kV transmission in the ERCOT region on a statewide basis, then the five import paths with 345-kV are considered approved and the TSPs responsible for the ownership, construction, and operation of these import paths may file their CCN applications at 345-kV at the Commission. Upon approval of the five import paths at 345-kV, the Commission's authorization for the preparation of CCN applications for the three 765-kV import paths expires.
5. The Commission authorizes, under its statutory authority to preserve on utilities' books costs incurred,<sup>12</sup> the applicable TSPs that are authorized to prepare CCN applications for the eight import paths to record as a regulatory asset expense resulting from the preparation of the CCN applications until authorization expires. The Commission will consider whether each responsible TSP's request for recovery of, but not on, these regulatory assets is reasonable and necessary in a later base-rate proceeding.
6. Within 10 business days of this Order, ERCOT must provide notice to the TSPs in the ERCOT region and file a report in Project No. 51752, *Identifying Transmission Service Providers for Implementing the Permian Basin Reliability Plan*, that identifies the TSPs responsible for the ownership, construction, and operation of the transmission lines and facilities associated with the common local projects and import paths approved by this Order.

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<sup>12</sup> PURA § 14.151.

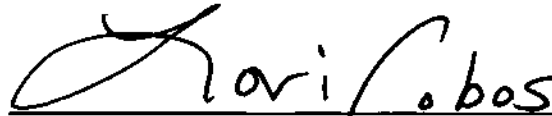
7. Within 15 business days of ERCOT's filing of the report in Project No. 51752, *Identifying Transmission Service Providers for implementing the Permian Basin Reliability Plan*, the TSPs must file a response to ERCOT's report in Project No. 51752 stating whether the TSP disputes ERCOT's identification of responsibility for the ownership, construction, and operation of the transmission lines and facilities associated with the common local projects and import paths.
8. Within 15 business days of the applicable TSPs' response filing in Project No. 51752, *Identifying Transmission Service Providers for implementing the Permian Basin Reliability Plan*, the applicable TSPs and ERCOT must file a joint report stating where there is agreement on the ownership, construction, and operation of the transmission lines and facilities associated with the common local projects and import paths approved by this Order.
9. On or before October 24, 2024, Commission Staff must file in *Project No. 57152* its recommendation on the procedure for the Commission to make a final determination of, identify, and approve the TSPs responsible for the ownership, construction, and operation of the transmission lines and facilities associated with the common local projects and import paths for the Permian Basin Reliability Plan, including a framework for the initiation of one or more contested cases, the provision of proper notice, and any other procedures Commission Staff deems necessary.
10. For each common local project and import path that requires a CCN application, the applicable TSP must establish in the CCN proceeding that the certificate meets all applicable legal requirements for a CCN, including the requirement set forth in PURA § 37.056(a) that the certificate is necessary for the service, accommodation, convenience, or safety of the public.
11. The common local projects and import paths approved in this Order do not require additional ERCOT RPG review before a CCN application may be filed by the applicable TSPs.

Signed at Austin, Texas the 5 day of October 2024.

**PUBLIC UTILITY COMMISSION OF TEXAS**



**THOMAS J. GLEESON, CHAIRMAN**



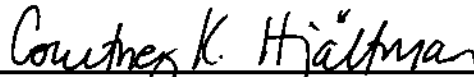
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**COURTNEY K. HJALTMAN, COMMISSIONER**