Filing Receipt

Filed Date - 2026-01-16 02:19:51 PM

Control Number - 58481

Item Number - 91

SIERRA CLUB
LONE STAR CHAPTER

PROJECT NO. 58481

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

Comments of the Sierra Club on the Latest Staff Discussion Draft (Attachement C, 16 TAC §25.194) and Response to Specific Questions discussed in January 9th workshop

The Lone Star Chapter of the Sierra Club appreciates the opportunity to provide some brief comments related to the latest draft of proposed rules intended to meet certain requirements of SB 6 from the 89th Legislative Session. These drafts are referred to as the 2nd Discussion Draft or Attachment C and were discussed extensively in the workshop held on January 9th, 2026.

In addition, we provide some response to specific questions released for comment, referred to as Attachment B. While many of these questions are more intended for utilities or large load developers and involve technical issues, we have chosen to answer questions more related to policy and cost issues.

The Sierra Club has several reasons for engaging in this rulemaking. First, as an organization with many residential electric consumers in Texas we want to assure that the costs of interconnecting new large loads, as well as the related transmission buildout needed is not shifted onto residential consumers. Second, if possible, we want to assure that the grid remains reliable but also relatively clean, by not encouraging more development of dirtier forms of energy, or the use of inefficient, dirty backup generators that could result in pollution impacts. Third, many of our members are concerned by particular developments that may have outsized impact on local

air, water, energy and traffic, and assuring fair, but strict rules to assure that only large loads able to meet strict rules can move forward is important to create a level playing field.

ERCOT, the PUCT and the grid face an enormous challenge in incorporating new large loads - some of which may be speculative - while maintaining reliability and our generally low cost electric grid. While this challenge may not be as large as the challenge faced by fictional oil driller Harry Stamper, played by Bruce Willis, in the movie Armageddon, who chooses to literally blow up an asteroid and himself with a nuclear bomb to save the world, it is a challenge none the less. Fortunately, ERCOT and PUCT staff can benefit from the large number of diverse stakeholders who share a goal of allowing growth and development, but doing so in a way that keeps our grid safe, secure and economic. Working together, we can keep ERCOT and the state of Texas on a positive path forward.

General Comments on Staff Discussion Draft

The Sierra Club is generally supportive of the staff draft of the proposed rule. We appreciate many of the additions in the latest rule and the strict financial requirements and study process. We would however again express several concerns.

First, as we have made clear, we believe that the PUCT could lower the threshold for what is considered a large load to 25 MW or greater, which is allowed by statute. We have made this argument in previous comments - that large loads of 25 MWs that interconnect to a transmission line should be subject to large load interconnection standards.

However, given that there does not appear to be support for this concept, we would instead as an alternative point to the existing interim large load interconnection process through NPRR 1234 and PGGR 15, which do recognize the need for some requirements on large loads that are larger than 25 MWs, at least by providing some basic information to ERCOT. We would therefore request that the current rulemaking incorporate some reporting requirements to ERCOT for loads that are over 25 MWs but less than 75 MWs. Whether or not this would be required registration or simply reporting is worth a discussion, but Sierra Club has concerns that many loads less than 75 MWs but larger than 25 MWs may impact the transmission system, but not be contributing in terms of financial security a full interconnection study and having “skin” in the game in terms of what they contribute financially. As an example, as part of its 2025 RTP analysis, ERCOT does include loads below 75 MW in determining potential transmission projects that have interconnection agreements, but going forward having some clear rules on these loads and how to treat them in terms of costs of studies, financial requirements, and information required to be shared with ERCOT, the PUCT and even the wider public.

Second, while we understand the need to set a threshold for considering "backup generation" we are unsure where the requirement to limit the definition of backup generating facilities to only those that can serve at least 50% of the on-site contracted peak demand. Visibility into all backup generating facilities for large loads is important to determine both their ability to shift their use, but also for the information related to the use of these facilities, which can and do pollute the environment. Later in the proposed rule entities are required to submit information about their backup generating units, but we are concerned that only those with enough backup power to meet the 50% threshold would be required to provide this information. We suggest removing the threshold language in the definition.

Third, while we very much appreciate the very high initial financial assurance that has been suggested - $100,000 per MW - which we recognize will be very protective of all consumers, we would suggest that a tiered approach where "smaller" projects pay less per MW and large more impactful projects pay more could still provide assurance to consumers that only serious projects would proceed. As an example, for projects less than 100 MWs, a fee of $30,000 per MW (or perhaps a flat fee of $3 million) might be more realistic, for "medium-sized projects between 100 and 300 MWs, a fee of $50,000 per MW, and for very large projects of 300 MWs or more, a larger fee of $75,000 or more or even a flat fee of say $25 million might make sense. Much larger projects with significant financial backing should be expected to pay on a larger scale than smaller projects, which should receive a "discount."

Similarly, while we are supportive of a required payment to cover the costs of the interconnection studies, we would suggest more than two tiers as the current draft suggests. One level at $114,000 and another at $314,0000 seems disparate, and creating a middle tier might make sense for in-between projects. For example, we might suggest a fee of $114,000 for those at 100 MWs or below, a $214,000 study for those between 100 and 250, a level of $314,000 for those between 250 and 500 and a level of $414,000 for those above 500 MWs.

Moreover, based on discussion at the workshop, the idea of an initial screening study occurring only after the study fee has been submitted may not make sense. Initial screening studies are an optional method for a large load to help determine whether it makes sense to locate in an area, and having it occur after the large load has already made a significant financial commitment is probably not helpful to the larger system. Better for potential large loads to conduct an initial screening study - using their dollars - before entering into an expensive and more time consuming process. Therefore we would suggest putting the initial screening study language as an optional first step in the process before the large load interconnection screening study.

Finally, there is the basic question of what to do (as addressed in the questions) when an existing load expands. In our view, it depends on the circumstances. First in our view, the rule could match the requirement in NPRR 1234, that any Resource Entity that adds 20 MW or more of Load at any site with an existing Generation Resource must submit a new Reactive Power study. The study must demonstrate the continued compliance of the Generation Resource with Voltage Support Service (VSS) requirements.
However, we would suggest that adding capacity of 75 MWs or more to any existing load would require that entity to go through the requirements found in the draft rule, while those adding 20 MWs or less should not create new requirements on any existing large load, except in that case listed above.

There is however an exception. If an existing load is less than 75 MWs and adds less than 75 MWs but enough to reach the 75 MW threshold, they should be held to some additional standards. This would help avoid the game where entities add loads in phases to avoid having to provide the full study requirements and financial requirements found in the draft rule. Our suggestion would be perhaps to say that any existing large load less than 75 MWs that adds more than 10 MWs of new load at a single site would be subject to the requirements in the rule. Another option might be create a time requirement such as any large transmission-level load less than 75 MWs that is less than five years old that adds at least 10 MWs to its capacity is subject to the requirements.

1. *Should the rule define "dynamic modeling" for large loads? If so, what definition should be used?*

No comment.

2. If the commission includes an "initial screening study" as an option that a large load customer may request from an interconnecting utility prior to the initiation of a large load interconnection study, how should the commission define "initial screening study"?
a. What specific and preliminary information would an initial screening study need to identify for a large load customer to determine whether a site is feasible?
b. What specific and preliminary information would the interconnecting utility need from the large load customer to perform an initial screening study?
c. Should a fee be imposed on a large load customer for the interconnecting utility to conduct an initial screening study? If so, what amount should be used for a standardized initial screening study fee?
d. What is an appropriate time frame for an interconnecting utility to complete an

initial screening study?
e. How would this initial screening study differ from today's current processes?

The Sierra Club supports the inclusion of an initial screening study as an option, but believes it makes more sense to have this as an option before the other requirements of the rule apply as many others have suggested. Having a modest fee that pays for the time and efforts of the TSP and putting a time frame such as 90 days makes sense to give developers a relatively fast initial answer which will inform their decision on whether to move forward.

3. Should the commission maintain the definition for an interconnecting utility that is set forth in Attachment C? If not, what definition should be used?

No Comment.

4. If the commission maintains the definition for an interconnecting utility that is set forth in Attachment C, what framework should the rule establish for ensuring that the interconnecting transmission service provider receives the required security and CIAC in instances where the certificated retail utility and interconnecting transmission service provider are different entities?

No Comment.

5. For a large load customer that seeks to expand capacity at an existing site, should the total capacity or only the new incremental capacity at that site be subject to the rule requirements? Why?

It depends. While we would support a more expansive rule that covers all loads of 25 MW or greater, under the present draft only large loads of 75 MWs or greater must comply with the new rule. Therefore, we believe it makes sense for entities with a capacity of less than 75 MWs that add some minimum capacity - such as 10 MWs - to be subject to the rule if they reach the 75 MW limit. Thus, in this case, it would be the total capacity. This would also help prevent large load developers from "gaming" the system by phasing in projects.

A time component could also be considered such as those large loads of less than 75 MWs that have operated for less than five years would be considered to have to meet the burdens, while older more established entities (such as steel mills or more traditional industrial petrochemical plants) would not be "caught" by the rule because of a slight expansion.

For larger facilities that already exist that are above 75 MWs then it makes sense for the incremental capacity to be considered. Still, as in our comments above, in certain cases, any increase should be judged for reactive power analysis, as per NPRR 1234.

6. Currently, ERCOT Planning Guide §9.2.1(1)(b) requires a large load customer to follow the criteria subject to the large load interconnection study process if the large load customer modifies an existing load facility that increases the aggregate peak demand of the facility by 75 MW or more. Should the commission maintain this threshold for purposes of the rule? Or should any modification that increases the aggregate peak demand of the facility to 75 MW or more be required to satisfy the criteria in the rule?

Again, see our previous response. If an existing load is less than 75 MWs and adds to its capacity and reaches 75 MWs then it should be subject to the criteria of the rule. However, the Commission could consider a time constraint and not subject older facilities to this provision.

7. Does an interconnecting utility, at the intermediate agreement phase, have sufficient information to be able to estimate the costs of significant equipment and services and to estimate contribution in aid of construction?

a. If so, should the rule require payment of the $100,000 per megawatt security at the time the request for interconnection is submitted? And require estimated security for significant equipment and services and contribution in aid of construction at the intermediate agreement stage, subject to a true up based on actual costs identified at the interconnection agreement stage?

SB 6 was passed in part to better protect electric consumers so requiring large loads to pay both a per MW security fee, and estimated payments for significant equipment and services and CIAC makes sense. Sierra Club though would support a true up once costs have been identified, and even the potential to reimburse large loads for the security fee once they are energized and have operated for some amount of time (such as the five years suggested in the rule).

8. Should the commission expand the criteria for demonstrating site control to include either site control over an electrical substation combined with exclusive development rights at a designated interconnection point or an exclusivity agreement with an existing generation resource for a proposed net metering arrangement?

Yes.

9. What value may be gained from collecting data about project developers and end-use

customers for purposes of developing ERCOT's load forecasts?

As we have stated, one of our concerns is that because the criteria found in the rule only includes loads that are 75 MWs or more, information about large loads and end-use customers will be lost in the process. We would note that NPRR 1234 does include some basic requirements for information sharing of loads over 25 MWs, including end-use customers. We would suggest adding similar language to the rule so that any large load of 25 MWs or more does report information to ERCOT and/or the commission which will help in visibility, planning and forecasting needs. Sierra Club is also open to the idea of a separate protocol or rule related ot information sharing, either through a reporting or registration requirement. The Legislature did require large cryptoloads to register with the Commission and annually report on certain basic energy use issues. While we understand SB 6 does not require this level of information, we believe it would be useful to explore some level of data collection and reporting either through this rule or separately. We could also require TSPs to report on large loads that are between 25 MWs and 75 MWs as part of (g).

10. How should an interconnecting utility treat interest accrued from cash security?
a. b. What interest rate should apply?
What process should be used to return interest to the large load customer?

No comment.

11. What is the average CIAC that is charged to a large load customer seeking to interconnect Today?

No comment.

12. For what period of time should a large load customer be expected to operate after energization but before the interconnecting utility issues a final refund of any unused security, collateral, or CIAC in order to balance the state's interests in supporting business development and minimizing the potential for stranded infrastructure costs?

The current rule would require the interconnecting utility to reimburse the facility 20% of the financial security or other expenses paid above the actual cost incurred when it energizes and then return any remaining refund after five years of operation. While we are comfortable with this approach, we would also support returning 20% of the remaining funds for every year the facility operates, meaning that the large load would be reimbursed within four years of operation. This would assure that somewhere between four or five years of operation the large

load would be made whole, while protecting other customers if the facility only operates for a short period of time or never energizes.

13. If the commission adopts a process whereby ERCOT, not the interconnecting utility, reallocates capacity on a system-wide basis through a batch study process, what parameters should the commission establish for such a process?

ERCOT is still developing this framework for the batch studies so it is premature to answer this question.

14. Is 60 days a sufficient time frame for an interconnecting utility to issue a required refund?

No Comment.

15. What changes should be made to Attachment C to account for the fact that municipally owned utilities and electric cooperatives have exclusive jurisdiction over retail rates in their service territory?

No Comment

16. Is there anything else that the commission should consider in its implementation of PURA §37.0561?

Again, we would support lowering the threshold of the definition of large load to 25 MWs in the rule, or alternatively, requiring some level of reporting by large loads between 25 MWs and 75 MWs, and the TSPs that might interconnect them. Such visibility will be important to protecting all electric consumers. We would note the proposed rule does include very open language to allow ERCOT to create registration and operational requirements and that many large load customers are concerned about the broadness of this language. Perhaps a separate discussion about some reasonable areas for future requirements would be productive.