

Legislative Context

In 2023, the Texas Legislature passed **House Bill 5066**, directing the PUC to develop a grid reliability plan to support oil and gas production in the Permian Basin and to increase transmission capacity statewide.

PUC's Adopted Plan

To accommodate load growth in the Permian Basin through 2038, the PUC approved nearly \$5 billion for local transmission upgrades and \$9 billion for three 765-kV lines from Central Texas. While the local upgrades are needed to serve oil and gas demand, the 765-kV lines are only needed because of projected data center demand.

Core Concerns

Mismatch with Legislative Intent

Gov. Abbott's 2021 directive and HB 5066 prioritized connecting new loads to *dispatchable* generation to improve grid reliability. The current plan uses expensive transmission to move geographically misplaced renewables across the state rather than investing in local dispatchable capacity that could serve the region more reliably and cost-effectively.

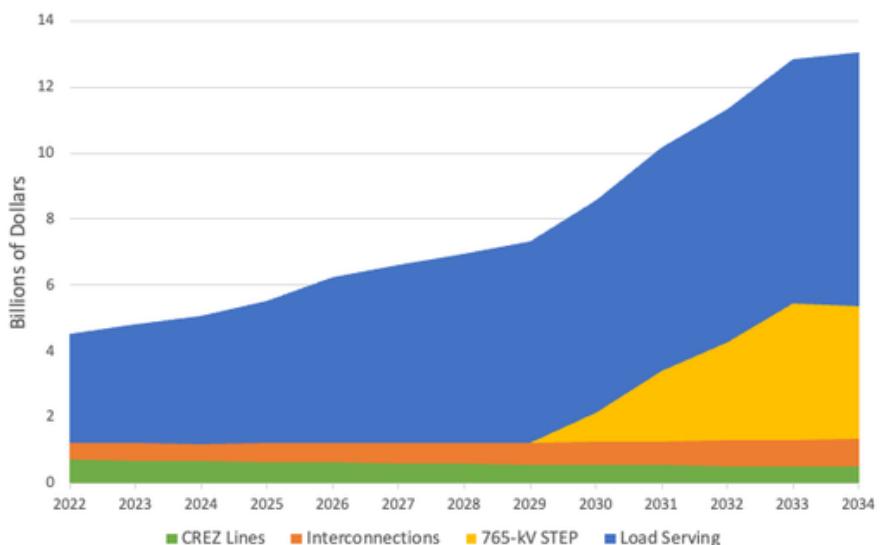
Unfair Cost Burden on Texas Ratepayers

The three 765-kV lines cost \$9 billion initially, with a \$25 billion lifetime cost. These lines will be used almost exclusively to serve data center demand in the Permian and to export wind and solar from the region. They will not provide meaningful benefits for residential ratepayers, yet the cost will be socialized equally across all ERCOT ratepayers.

Other Solutions Have Not Been Adequately Studied

Based on Life:Powered's modeling, these lines will be heavily underutilized until demand reaches much higher levels long after 2030. The lines can be delayed to allow time to study options to meet rising demand without building as many new lines.

Annual Cost of Transmission in ERCOT



The chart shows historical transmission costs (2022-2024) and projected costs through 2034. Total annual costs are projected to rise from \$5 billion to over \$13 billion, with the 765-kV STEP contributing \$4 billion to the total. The cost per household of the 765-kV projects and associated upgrades may exceed \$200 per year.

The PUC should expedite local transmission upgrades and pause the 765-kV projects until the following tasks are completed:

- Complete new large load forecasting rule and update ERCOT's forecasts.
- Finalize transmission cost allocation review and consider ways to allocate more transmission costs to new data centers instead of residential ratepayers.
- Encourage more flexible/controllable loads in ERCOT, more efficient use of existing assets, and more properly sited dispatchable generation to reduce new transmission needs.