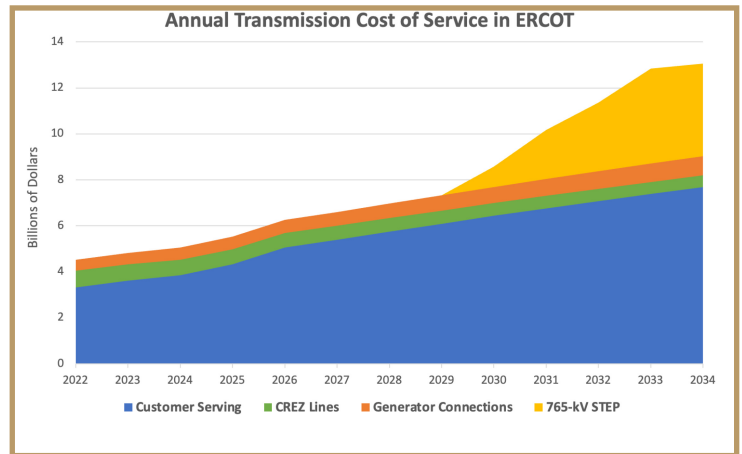


# Texas 765-kV Transmission Project

In 2023, the Texas Legislature passed House Bill 5066, directing the Public Utility Commission of Texas (PUC) to develop a grid reliability plan to support oil and gas production in the Permian Basin and to increase transmission capacity to serve the region. ERCOT completed the Permian Basin Reliability Plan in July 2024 and updated the plan in January 2025 to include options for both 345-kV and 765-kV transmission lines into the region.

In April 2025, the PUC adopted the 765-kV STEP Plan to address projected load growth in the Permian Basin through 2038, approving approximately \$5 billion in local transmission upgrades designed to meet oil and gas demand. Three new 765-kV transmission lines from Central Texas to the Permian Basin region were also approved, with an estimated cost of \$9 billion. The local upgrades will meet more immediate needs due to rising oil and gas demand and existing transmission constraints. The extra capacity from the 765-kV lines will primarily serve projected data center load growth in West Texas and transport excess wind and solar generation from the region to other parts of the ERCOT grid.

Annual Cost of Transmission in ERCOT for 2022–2024 and projected costs through 2034 are shown in the chart below. Total annual transmission costs are projected to increase from roughly \$5 billion in 2024 to more than \$13 billion by 2034. The 765-kV STEP projects are estimated to contribute approximately \$4 billion annually to transmission costs once fully in service and will carry a lifetime cost of over \$90 billion. The additional cost per household from the 765-kV projects and associated upgrades is projected to exceed \$150 per year.



Landowners will face impacts to their properties. The 765-kV STEP project will require over 3,000 miles of new right of way to be acquired through eminent domain if necessary. The lines will be built primarily on private rural land. Landowners will face permanent 200-foot-wide easements for the 150' - 200' high towers. Construction will require significant vegetation clearing and permanent restrictions on structures, farming, or tall vegetation in the corridor.

Stakeholders have suggested that the PUC delay final approval of the 765-kV lines and consider:

- Evaluating opportunities for properly sited dispatchable generation, flexible/controllable loads, and more efficient use of existing transmission assets that could reduce the need for additional transmission infrastructure.
- Completing the new large-load forecasting rule and updating ERCOT’s load forecasts accordingly to determine if the load the 765-kV lines are supposed to serve will materialize.
- Finalizing the transmission cost-allocation review, including potential options to assign a greater share of transmission costs to new large loads such as data centers. This will prevent an unfair cost burden on residential ratepayers.

The PUC has already completed the routing and final approval of many of the local transmission upgrades needed for oil and gas operations. The 765-kV lines remain part of the approved plan but the first of those projects will not receive the PUC’s final approval until June 2026. The PUC can still exercise its discretion to modify, delay, or eliminate any of the 765-kV projects until the final deadlines for each segment are reached.

