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# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Interested Persons

**FROM:** Jessie Horn, Sr. Counsel, Rules and Projects Division

**DATE:** August 25, 2025

**RE:** Project No. 58479, *Rulemaking for Net Metering Arrangements Involving a Large Load Co-Located with an Existing Generation Resource Under PURA §39.169*  
**Workshop Agenda**

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Commission staff will hold a public workshop on September 2, 2025. The workshop will be held in the Commissioners' Hearing Room on the 7th floor of the William B. Travis Building, 1701 Congress Avenue, Austin, Texas 78701. The workshop will also be broadcast live and archived for later viewing on Admin Monitor, which can be accessed at: <https://www.adminmonitor.com/tx/puct/>.

The purpose of the workshop is to receive public input on topics related to Project No. 58479, *Rulemaking for Net Metering Arrangements Involving a Large Load Co-Located with an Existing Generation Resource Under PURA §39.169*. The workshop will begin at 9:00 am with a hard stop at 12:00 pm.

The format for the workshop will be open discussion. Written comment is not requested at this time. Below is an agenda for the workshop.

- ERCOT presentation of its processes for net metering arrangements
- Receive feedback on questions set forth in Attachment A to this memorandum
- Receive feedback on discussion draft in Attachment B to this memorandum

**ATTACHMENT A**  
**Questions for Comment**

**Commission staff questions:**

1. What process should be implemented to determine the existence and amount of any stranded or underutilized transmission assets resulting from a net metering arrangement?
2. What process would hold customers harmless for any amounts related to stranded or underutilized transmission assets resulting from a net metering arrangement?
3. Should the definition of an existing generation resource include an energy storage resource?
4. Identify any existing ERCOT or commission process through which a party to a proposed net metering arrangement must provide the same or substantially similar information that ERCOT or the commission would need to conduct or evaluate the transmission security analysis, resource adequacy analysis, or underutilized asset analysis specified in subsection (f)(3) of the discussion draft.
5. Could ERCOT or the commission use an existing process identified in response to (4) above to complete its assessment of the proposed net metering arrangement? If yes, please explain.

**§25.205. Net Metering Arrangements Involving Large Loads Co-Located with an Existing Generation Resource**

(a) **Applicability.** This section applies to a net metering arrangement between a generation resource registered with ERCOT as a stand-alone generation resource as of September 1, 2025, and a new large load customer requesting a new or expanded interconnection where the total load at a single site would exceed a demand threshold of 75 megawatts (MW). This section does not apply to a generation resource:

- (1) the registration for which included a co-located large load customer at the time of the generation resource's energization, regardless of whether the large load customer was energized at a later date; or
- (2) a majority interest of which is owned indirectly or directly as of January 1, 2025, by a parent company of a customer that participates in the new net metering arrangement.

(b) **Definitions.** The following words and terms, when used in this section, have the following meanings unless the context indicates otherwise:

- (1) Existing generation resource – a resource registered with ERCOT as a stand-alone generation resource as of September 1, 2025.
- (2) Generation resource – has the same meaning as defined in ERCOT protocols.
- (3) Net metering arrangement – a contractual arrangement in which an applicable generation resource and an applicable large load customer agree to net the generation resource's output with the customer's load for settlement purposes based on an ERCOT approved metering scheme.

(4) System – the bulk power system in the ERCOT region.

(c) **Commission approval required.** A power generation company, municipally owned utility, or electric cooperative must not implement a net metering arrangement under this section unless the net metering arrangement is approved by the commission.

(d) **Initiating the process for approval of a net metering arrangement.** A power generation company, municipally owned utility, or electric cooperative that receives a request for a net metering arrangement between an existing generation resource and a large load customer must:

(1) serve notice of the net metering arrangement on ERCOT using a form prescribed by ERCOT;

(2) apply to the commission, using a new docket number, for consideration of the net metering arrangement by filing a copy of the notice submitted to ERCOT under this section; and

(3) serve copies of the notice submitted to ERCOT under this section to:

(A) the interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility, as applicable; and

(B) all parties to the net metering arrangement.

(e) **Parties to a proceeding under this section.**

(1) The parties to a proceeding under this section are limited to:

(A) commission staff;

(B) ERCOT;

(C) the interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility; and

(D) the parties to the net metering arrangement.

(2) The parties to a proceeding under this section need not file a motion to intervene.

**(f) Commencement of ERCOT study.**

(1) The parties to a net metering arrangement must provide ERCOT all information that ERCOT deems necessary regarding the net metering arrangement.

(2) The interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility must submit the following to ERCOT:

(A) the large load interconnection transmission study;

(B) the results of power flow modeling and any other information relevant to a determination of whether stranded or underutilized transmission assets may result from the arrangement; and

(C) any other information that ERCOT deems necessary.

(3) Upon receipt of all necessary information, ERCOT must commence a study of the system impacts, including transmission security, resource adequacy impacts, and stranded or underutilized transmission assets associated with a net metering arrangement. Not later than seven days after commencing its study, ERCOT must file notice with the commission, in the new docket number created under subsection (d)(2) of this section, indicating the date that ERCOT

commenced its study and the 120th day by which ERCOT must file its study results and recommendations.

- (4) ERCOT must provide to commission staff any access, information, support, or cooperation that commission staff determines is necessary to provide its recommendations under this section.

(g) **General requirements of ERCOT study.** ERCOT's study of a net metering arrangement must include:

- (1) a metering review that is comprised of:

- (A) a detailed one-line diagram showing meter placement and current and potential transformer wiring;
- (B) meter multipliers and instrument transformer ratios;
- (C) details about backup metering if installed; and
- (D) revenue metering accuracy class and location;

- (2) a voltage support service (VSS) compliance verification that is comprised of:

- (A) point of interconnection (POI) VSS requirements before the load addition;
- (B) modeling of the new load and any additional reactive devices supporting the load;
- (C) scenarios for simulations of VSS at POI; and
- (D) power flow results and analysis that evaluate the resource's compliance with its VSS obligations at the POI;

- (3) a resource adequacy analysis that is comprised of an evaluation of:

- 1 (A) the large load customer's curtailment capability;
- 2 (B) on-site back up generation capability to offset the large load customer;
- 3 (C) expected net generation available to the ERCOT grid after
- 4 implementation of the net metering arrangement;
- 5 (D) the electric generating facility's availability to ERCOT for dispatch
- 6 after implementation of the net metering arrangement;
- 7 (E) how often the large load customer will be dependent on the ERCOT grid
- 8 at its peak demand due to the co-located generation's unavailability as
- 9 a result of maintenance or forced outages; and
- 10 (F) the impacts of reduced net capability or lower availability on reserve
- 11 margins or other reliability criteria;
- 12 (4) a transmission security analysis that is comprised of:
  - 13 (A) a review of one-line diagrams illustrating the configuration of the
  - 14 generating facility with the load addition for purposes of ensuring the
  - 15 reliable interconnection of the load and the reliable operation of the
  - 16 generating facility (i.e., no hard taps or connection that trips the plant if
  - 17 curtailing the load); and
  - 18 (B) a steady state and stability load serving study with and without the
  - 19 generation, under both peak scenarios and off-peak scenarios;
- 20 (5) an analysis identifying transmission assets that may become stranded or
- 21 underutilized as a result of the arrangement, including the identity of the
- 22 transmission service provider (TSP) associated with each such asset; and
- 23 (6) any other information that ERCOT determines is necessary.



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2 (h) **ERCOT study results.** Not later than 120 days after receipt of all information ERCOT  
3 deems necessary to conduct its study regarding the net metering arrangement, ERCOT  
4 must file its study results and associated recommendations in the designated docket on  
5 the commission's filing system. ERCOT's filing must include:

6 (1) an executive summary of the study, including any ERCOT recommendations,  
7 that identifies:

8 (A) the large load customer;

9 (B) whether the large load customer seeks a new or expanded  
10 interconnection;

11 (C) the large load customer's expected peak demand at the requested site of  
12 interconnection;

13 (D) whether the large load customer or any other customer is already located  
14 at the requested interconnection site and if so, that customer's peak  
15 demand at the requested interconnection site;

16 (E) the total peak demand at the requested interconnection site;

17 (F) whether ERCOT identified any negative impacts to system reliability,  
18 including transmission security and resource adequacy impacts;

19 (G) ERCOT's recommendation to approve, with or without conditions, or  
20 deny the net metering arrangement;

21 (H) whether ERCOT recommends conditions to mitigate an impact to  
22 transmission security, resource adequacy, or both; and

- 1           (I)     whether any transmission assets are expected to become stranded or  
2                     underutilized, and the identity of the associated TSPs.
- 3       (2)     the complete study, detailing:
- 4           (A)     ERCOT's analysis;
- 5           (B)     the underlying assumptions used in the study;
- 6           (C)     the sources of data used in the study;
- 7           (D)     the capacity made available to the ERCOT region by the existing  
8                     generation resource at the time of annual peak demand each of the last  
9                     10 years and how that existing generation resource can comply with a  
10                    requirement to make at least that same amount of dispatchable capacity  
11                    available after implementation of the net metering arrangement, as  
12                    applicable; and
- 13          (E)     whether ERCOT identified any negative impacts to resource adequacy  
14                    that cannot be mitigated with curtailment of the large load customer;
- 15       (3)     a detailed explanation of the basis for any conditions that ERCOT recommends  
16                    and the extent to which those conditions are expected to mitigate a reliability  
17                    risk to the system;
- 18       (4)     any Microsoft Excel spreadsheet, as applicable, in native format with active  
19                    links and formulas that were used to create and manipulate the data in the study;  
20                    and
- 21       (5)     any other information that ERCOT relied on or considered.
- 22
- 23

1     **(i) Procedural schedule.** After ERCOT files its study results and recommendations, the  
2     presiding officer must set a procedural schedule that will enable the commission to  
3     issue a final order in the proceeding. Notwithstanding any subsection in this section,  
4     the presiding officer may set a procedural schedule with deadlines that differ from those  
5     set forth in this section.

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7     **(j) Opposition to a net metering arrangement.** The electric cooperative, transmission  
8     and distribution utility, or municipally owned utility that provides electric service at the  
9     location of a net metering arrangement may for reasonable cause, including a violation  
10    of other law, oppose the net metering arrangement, as initially proposed. Opposition  
11    to the net metering arrangement under this subsection must be filed not later than seven  
12    days after ERCOT files its study and associated recommendations with the  
13    commission.

14  
15    **(k) Commission staff recommendation.** Not later than 30 days after ERCOT files its  
16    study and associated recommendations, commission staff must file a recommendation  
17    whether to approve, with or without conditions, or deny an application for a net  
18    metering arrangement as necessary to maintain system reliability, including  
19    transmission security, resource adequacy impacts, and stranded or underutilized  
20    transmission assets associated with a net metering arrangement.

21    (1) Commission staff's recommendation must address the following:

(A) whether the net metering arrangement is legally permissible if a party opposed the net metering arrangement as a violation of other law under subsection (j) of this section;

(B) the conditions, if any, that are necessary to maintain system reliability and the specific impact that the condition is recommended to address;

(C) the conditions, if any, that are necessary to address stranded or underutilized transmission assets; and

(D) any other matter that may arise in the proceeding.

(2) Notwithstanding this subsection, commission staff is not limited in addressing or making a recommendation related to any matter that arises in a proceeding under this section.

(l) **Commission decision.** Not later than the 60th day after the date the commission receives ERCOT's study and associated recommendations, the commission will approve, with or without conditions, or deny an application for a net metering arrangement as necessary to maintain system reliability, including transmission security and resource adequacy impacts.

(1) The conditions imposed on a net metering arrangement must require an electric generating facility that makes dispatchable capacity available to the ERCOT region before the implementation of a net metering arrangement under this section to make at least that amount of dispatchable capacity available to the ERCOT region after the implementation of the net metering arrangement at the direction of ERCOT in advance of an anticipated emergency condition.

- 1           (2)     The conditions imposed on a net metering arrangement may include requiring:
- 2                   (A)     the retail customer(s) served behind-the-meter to reduce load during
- 3                             certain events;
- 4                   (B)     the electric generating facility to make capacity available to the ERCOT
- 5                             region during certain events;
- 6                   (C)     a separate hold-harmless proceeding be initiated for each TSP
- 7                             associated with stranded or underutilized transmission assets resulting
- 8                             from the net metering arrangement, in order to ensure customers are
- 9                             held harmless;
- 10                  (D)     maximum ramp rates for load curtailment; or
- 11                  (E)     any other requirement that is necessary to maintain system reliability.
- 12       (3)     If the commission imposes a condition requiring a hold-harmless proceeding
- 13                   and the TSP associated with stranded or underutilized transmission assets is not
- 14                   a party to the proceeding, commission staff must provide notice to the TSP of
- 15                   the requirement to initiate a hold-harmless proceeding under subsection (m) of
- 16                   this section not later than seven days after the commission decision imposing
- 17                   the condition. Notice may be served by delivering a copy of the commission
- 18                   order by physical or electronic mail to the TSP's authorized representative or
- 19                   attorney of record in the TSP's last comprehensive base rate case.
- 20       (4)     A net metering arrangement is considered approved, as initially proposed, by
- 21                   the commission if the commission does not approve, with or without conditions,
- 22                   or deny a net metering arrangement within 60 days of receipt of ERCOT's study
- 23                   results and recommendations.

(m) **Hold-harmless proceeding.** Within 60 days of the commission decision under subsection (l) of this section, each TSP associated with stranded or underutilized transmission assets that result from a net metering arrangement must file an application to quantify the costs associated with such assets and to reflect removal of those costs from the TSP's rates. Such costs must not be included in the TSP's rates in future proceedings absent an explicit commission determination in a comprehensive base rate proceeding that the associated assets are no longer stranded or underutilized.

(1) The application must include information sufficient to identify the costs associated with the stranded or underutilized transmission assets.

(2) The parties to a hold harmless proceeding under this subsection are not limited to the parties identified in subsection (e) of this section.

(3) Removal from rates of the costs associated with stranded or underutilized assets, along with all associated depreciation, tax, return, and other cost of service components, may be implemented in a manner consistent with the ratemaking treatments associated with an interim update of transmission rates under section 25.192(h) of this title (related to Transmission Service Rates), provided that:

(A) no increases in costs may be included in a hold-harmless proceeding;  
and

(B) updated billing units are applied when establishing rates reflecting the removal of the stranded or underutilized asset costs;

1           (C)    the timeline for approval included in section 25.192(h)(4)(C) does not  
2                    apply to a hold harmless proceeding under this subsection; and

3           (D)    the hold harmless proceeding under this subsection is not an interim  
4                    update to the TSP's rates for purposes of determining the frequency of  
5                    interim updates authorized under section 25.192(h)(1).

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7   (n)    **Publication of commission decision.** The commission will post on the commission's  
8            Internet website the decision made on each net metering arrangement submitted under  
9            this section. The commission will not post information regarding the decision that is  
10           competitively sensitive or otherwise considered confidential.

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12   (o)    **Periodic evaluation of conditions imposed.** If the conditions imposed on a net  
13            metering arrangement under this section are not limited to a specific period, the parties  
14            to the net metering arrangement must apply for a commission determination of whether  
15            the conditions should be extended or rescinded at least 36 months and not more than  
16            60 months after the order approving the net metering arrangement with conditions. An  
17            application under this subsection must be initiated in the same manner and follow the  
18            same process as an initial application for approval of a net metering arrangement under  
19            this section.