

CHAPTER 25. SUBSTANTIVE RULES RELATING TO ELECTRIC SERVICE PROVIDERS.

Subchapter I. TRANSMISSION AND DISTRIBUTION.

DIVISION 1. OPEN-ACCESS COMPARABLE TRANSMISSION SERVICE FOR ELECTRIC UTILITIES IN THE ELECTRIC RELIABILITY COUNCIL OF TEXAS.

§25.195. Terms and Conditions for Transmission Service.

- (a) **Applicability.** This section applies to the provision of transmission service in the Electric Reliability Council of Texas (ERCOT) region by transmission service providers (TSPs) to transmission service customers. This section also applies to ERCOT.
- (b) **Definitions.** The following terms have the following meanings unless context indicates otherwise.
- (1) **Transmission-level generator** -- a transmission service customer that is an electric generating facility under §25.5 of this title (relating to Definitions), is interconnected to a TSP's system at or above 60 kilovolts (kV), and is located behind one or more unique points of interconnection.
 - (2) **Transmission system upgrade** -- any additional transmission facilities or modifications beyond what is required to interconnect a transmission-level generator to the transmission system. The construction of a new substation or modifications to an existing substation is not a transmission-system upgrade if necessary to interconnect a transmission-level generator.
- (c) **Interconnection agreement.** As a condition of obtaining transmission service, a transmission service customer that owns electrical facilities in the ERCOT region must execute an interconnection agreement with the TSP to which it is physically interconnected. The commission-approved standard generation interconnection agreement (SGIA) must be used for the interconnection of a new transmission service customer that is a transmission-level generator. The SGIA may be modified by mutual agreement of the parties to address specific facts presented by a particular interconnection request provided that the modifications do not frustrate the goal of expeditious, nondiscriminatory interconnection and are not otherwise inconsistent with the principles underlying the commission-approved SGIA. The SGIA must not be modified to relieve a transmission-level generator's responsibility for all costs of installing interconnection facilities that are incurred by the TSP that exceed the allowance under subsection (f) of this section.
- (d) **Transmission service provider responsibilities.** The TSP must plan, construct, operate, and maintain its transmission system in accordance with good utility practice to provide transmission service customers with transmission service over its transmission system in accordance with Division 1 of this subchapter (relating to Open-Access Comparable Transmission Service for Electric Utilities in the Electric Reliability Council of Texas). The TSP must, consistent with good utility practice, endeavor to construct and place into service sufficient transmission capacity to ensure adequacy and reliability of the network to deliver power to transmission service customer loads. The TSP must plan, construct, operate, and maintain facilities that are needed to relieve transmission constraints, as recommended by ERCOT and approved by the commission, in accordance with Division 1 of this subchapter. The construction of facilities requiring commission issuance of a certificate of convenience and necessity is subject to such commission approval.
- (e) **Construction of new facilities.** If new transmission facilities or interconnections between TSPs are needed to provide transmission service in response to a request for such service, the TSPs must construct or acquire transmission facilities necessary to provide the transmission service in accordance with good utility practice, unless ERCOT identifies an alternative means of providing the transmission service that is less costly, is operationally sound, and is as effective as the new transmission facilities would be at providing the requested transmission service.

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- (1) An affected TSP may require the transmission service customer to pay a reasonable deposit or provide another means of security, to cover the costs of planning, licensing, and constructing any new transmission facilities that will be required in order to provide the requested service. Any repayment of a cash deposit under subparagraphs (A) or (B) of this paragraph must include interest at a commercially reasonable rate based on that portion of the deposit being returned.
 - (A) If the new transmission service customer's interconnection is completed and the transmission service customer begins to take the requested transmission service, the TSP must return the deposit or security to the transmission service customer.
 - (B) If the new transmission service customer's interconnection is not completed and the new transmission facilities are not required, the TSP may retain as much of the deposit or security as is required to cover the costs the TSP incurred in planning, licensing, and construction activities related to the planned new transmission facilities.
 - (2) If the TSP's acquisition or construction of the new transmission facilities would impair the tax-exempt status of obligations issued by the TSP then the TSP may require a contribution in aid of construction (CIAC) from the transmission service customer to cover all or part of the cost of acquiring and constructing the new transmission facilities.
 - (3) For a transmission service customer that is not a transmission-level generator, the TSP is responsible for the cost of installing any new transmission facilities, other than those provided for in paragraph (2) of this subsection, in a contractual agreement between the TSP and the customer, or in a commission-approved transmission service tariff.
 - (4) For a transmission-level generator, the costs of installing new transmission facilities must be borne in accordance with subsection (f) of this section.
- (f) **Cost responsibilities to interconnect transmission-level generators at transmission voltage.**
- (1) A new transmission-level generator seeking interconnection to a TSP's transmission network is responsible for the cost of installing step-up transformers and protective devices at the point of interconnection capable of electrically isolating the transmission-level generator.
 - (2) If the SGIA between the transmission-level generator and the TSP is executed on or before December 31, 2025, then the TSP is responsible for the cost of installing any new transmission facilities.
 - (3) If the SGIA between a transmission-level generator and TSP is executed after December 31, 2025, then the interconnecting transmission-level generator is responsible for all costs of installing interconnection facilities that are incurred by the TSP that exceed the allowance established in accordance with this paragraph. The TSP is responsible for the costs of installing any transmission system upgrades deemed necessary by the TSP.
 - (A) The allowance will be calculated by the commission as follows:
 - (i) For a transmission-level generator interconnecting at a transmission voltage of 138 kV or less, the allowance beginning on January 1, 2026, is based on the 2024 amount of \$14,000,000 adjusted for subsequent years consistent with clause (ii) of this subparagraph. For a transmission-level generator interconnecting at a transmission voltage higher than 138kV, the allowance beginning on January 1, 2026, is based on the 2024 amount of \$20,000,000 adjusted for subsequent years consistent with clause (ii) of this subparagraph.
 - (ii) The commission will increase or decrease the allowance on or before January 1 of each calendar year in accordance with this clause. The

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commission will publish the new values of the allowance to be used in the subsequent calendar year on or around November 1 of each calendar year.

- (I) The annual adjustment will be proportional to the third quarter to third quarter percentage change in the national Consumer Price Index (CPI) published by the United States Department of Labor, Bureau of Labor Statistics.
 - (II) The executive director must designate a substitute index to be used as a reference for adjustments under this clause if the index referenced by subclause (I) of this clause becomes unavailable.
- (B) A transmission-level generator that seeks to interconnect an energy storage resource is only eligible to receive the allowance described under this subsection and not additional allowances provided to interconnect load, such as may be provided under a tariff.
- (C) The amount of the allowance that a transmission-level generator is provided to complete the interconnection is the amount that was in effect on the date the notice to proceed with the interconnection was issued by the transmission-level generator to the TSP in accordance with the executed SGIA. A TSP's costs to procure, design, and construct or upgrade interconnection facilities that exceed the allowance must be directly billed to and collected from the transmission-level generator that caused the costs to be incurred by the TSP. The TSP may collect such costs as a contribution in aid to construction prior to procuring, designing, and constructing or upgrading the interconnection facilities.
- (D) Notwithstanding any payments made by a transmission-level generator under this section, an interconnecting TSP retains ownership and control of its transmission facilities.
- (E) After the completion and energization of the initial interconnection, the responsibility for costs incurred by a TSP for new or upgraded interconnection facilities due to modifications or expansions made by the interconnected transmission-level generator will be borne in accordance with this subparagraph.
- (i) For the ten calendar years following the date of energization for the initial interconnection of the transmission-level generator, and to the extent that the costs of the new or upgraded interconnection facilities needed due to modifications made by the transmission-level generator exceed the remainder of the allowance calculated under paragraph (3) of this subsection, the current owner of the transmission-level generator that is listed in the new or amended SGIA is responsible for the interconnection costs incurred by the TSP, where:
 - (I) the allowance is the amount that was in effect on the date the notice to proceed with the initial interconnection was issued in accordance with paragraph (3) of this subsection and the executed SGIA; and
 - (II) the remainder is the difference between the allowance described under subclause (I) of this clause and the actual costs that a TSP incurred to construct, design, and upgrade interconnection facilities to initially interconnect the transmission-level generator. The remainder will be adjusted by the TSP in accordance with the methodology in subparagraph (A)(ii) of this paragraph.

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- (ii) After ten calendar years from the date of energization for the initial interconnection, the transmission-level generator is eligible for a new allowance determined in accordance with paragraph (3)(A) of this subsection for the costs of new or upgraded interconnection facilities necessary to accommodate modifications made by the transmission-level generator at the same point of interconnection.
 - (F) Beginning on or around May 1, 2029, and at least every five calendar years thereafter, the commission will open a project and request comments on whether the allowance or annual allowance adjustment methodology described in paragraph (3)(A) of this subsection should be modified. If the commission determines the allowance or the annual allowance adjustment methodology should be adjusted, the commission will initiate a rulemaking proceeding.
- (g) **Curtailement of service.** In an emergency situation, as determined by ERCOT and at its direction, a TSP may interrupt transmission service on a non-discriminatory basis, if necessary, to preserve the stability of the transmission network and service to customers. Such curtailments must be carried out in accordance with §25.200 of this title (relating to Load Shedding, Curtailments, and Redispatch) and in accordance with ERCOT protocols.
- (h) **Filing of contracts.** An electric utility must file with the commission each new, and all amendments to, interconnection agreements within 30 days of execution, including a cover letter explaining any deviations from the commission-approved SGIA. An interconnection agreement is subject to commission review and approval upon request by any party to the agreement. Appropriate portions of the filings may be filed confidentially and be subject to provisions of confidentiality to protect competitively sensitive commercial or financial information.
- (i) **Transmission-level generator interconnection costs report.** ERCOT must, in consultation with commission staff, include as part of the ERCOT Generation Interconnection Status report or any successor report the generation interconnection costs for each new transmission-level generator interconnected in each calendar month based on date of energization, including the total cost of the interconnection, any CIAC paid by the transmission-level generator, and any above-allowance costs incurred by the transmission-level generator.
 - (1) Beginning in January 2026, within 90 calendar days from the end of each calendar month the TSP must provide to ERCOT the information described in this subsection for each new transmission-level generator interconnection to the TSP's system in that calendar month.
 - (2) Beginning in April 2027 and every calendar year thereafter, ERCOT will publish the information described in this subsection in a separate report for each new transmission-level generator interconnection to the ERCOT transmission system in the prior calendar year. ERCOT will, at a minimum, provide the information described in this subsection and total amounts for the prior calendar year.