

March 13, 2025

Via Email Only

Richard Medina
Chief Energy Delivery Officer
CPS Energy
P.O. Box 1771
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Re: Acceleration of San Antonio South Reliability II Project

Dear Richard:

On behalf of Electric Reliability Council of Texas, Inc. (ERCOT), I am writing to request that CPS Energy proceed with the acceleration of its portion of the San Antonio South Reliability II Project to mitigate the need for ERCOT-wide load-shedding due to anticipated post-contingency overloads of the transmission lines that transfer power to the San Antonio area. Accelerating this project will provide reliability benefits far in excess of the incremental cost.

As you know, the San Antonio South Reliability II Project consists of the following elements:

- Construction of a new 345/138-kV switching station on the east side of San Antonio near the Beck Rd station (projected in-service date of June 2028),
- Rebuilding the 345-kV single circuit from JK Spruce to Pawnee into a 345-kV double circuit transmission line (projected in-service date of December 2028), and
- Rebuilding the 345-kV single circuit from Pawnee to Tango into a 345-kV double circuit transmission line (projected in-service date of May 2029).

CPS Energy has responsibility for rebuilding the JK Spruce to Pawnee and Pawnee to Tango transmission lines. Based on our discussions, it is ERCOT's understanding that CPS Energy could accelerate the in-service dates of these upgrades by constructing each of the new double-circuit transmission lines while the existing single-circuit remains in service. ERCOT understands that an energized construction of the lines could accelerate the in-service date of the first circuits of the rebuilt JK Spruce to Pawnee and the Pawnee to Tango double-circuit transmission lines to as early as August 31, 2026 and that it could accelerate the in-service date of the second circuits of these transmission lines to as early as December 31, 2026. ERCOT further understands that this acceleration would be undertaken in accordance with good utility practice, including accounting for all appropriate safety considerations.

CPS Energy has informed ERCOT that accelerating these projects would likely increase the expected \$291 million cost for its share of the line replacement by 15% to 25%—i.e., by as much as approximately \$73 million. ERCOT’s internal cost-benefit analysis has concluded that the reliability benefit of accelerating the in-service dates of the two circuits to the dates identified by CPS Energy would substantially exceed the incremental cost of that acceleration due to avoided risk of load-shedding that would otherwise be necessary to alleviate projected transmission overloads.

For this reason, **ERCOT requests that CPS Energy proceed with an accelerated schedule, including the energized construction of these transmission lines and all other appropriate actions consistent with good utility practice, with the aim of placing the first circuits of the rebuilt JK Spruce to Pawnee and the Pawnee to Tango double-circuit transmission lines in service by August 31, 2026 and the second circuits of these transmission lines in service by December 31, 2026.** While ERCOT understands that a variety of factors could influence the actual in-service dates and that CPS Energy cannot commit to a date certain, ERCOT appreciates CPS Energy taking all reasonable measures to expedite these efforts, given the reliability implications of any delay.

ERCOT also understands that CPS Energy will need to obtain an amendment to its certificate of convenience and necessity (CCN) from the Public Utility Commission of Texas to construct the second circuits of these transmission lines. Consequently, ERCOT’s request is subject to the Commission’s approval of that CCN amendment.

It is also ERCOT’s understanding that CPS Energy’s Board of Trustees will need to approve the acceleration of this project later this month. Once that decision has been made, I would appreciate you promptly notifying me.

ERCOT will also notify AEP Services Corp. and South Texas Electric Cooperative, Inc. (STEC) of this request and provide a similar request for acceleration of their respective projects. ERCOT appreciates CPS Energy’s willingness to investigate the possibility of accelerating this project and its consideration of this request. If I can provide any information that may be of assistance to you or to the CPS Energy Board of Trustees, please do not hesitate to let me know.

Sincerely,

/s/ D.W. Rickerson, P.E.

D.W. Rickerson, P.E.

Senior Vice President and Chief Operating Officer

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