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PROJECT NO. 35424

**SETTLEMENT CONFERENCE
CONCERNING SELECTION OF
TRANSMISSION SERVICE
PROVIDERS FOR THE COMPETITIVE
RENEWABLE ENERGY ZONES**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

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**COMMISSION STAFF'S PETITION
FOR DESIGNATION OF
COMPETITIVE RENEWABLE
ENERGY ZONES**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

PROJECT NO. 34560

**RULEMAKING PROCEEDING TO
AMEND PUC SUBSTANTIVE RULES
RELATING TO SELECTION OF
TRANSMISSION SERVICE PROVIDERS
RELATED TO COMPETITIVE
RENEWABLE ENERGY ZONES AND
OTHER SPECIAL PROJECTS**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

ORDER REQUIRING SETTLEMENT CONFERENCE

This Order addresses the joint motion to initiate settlement conference concerning the selection of transmission providers filed by a group of wind developers and transmission service providers¹ and the memorandum filed by Commission Staff regarding the selection of transmission service providers (TSPs) to construct facilities necessary to serve competitive renewable-energy zones (CREZs).² The Commission concludes that it should continue the rulemaking process in Project No. 34560, but should also initiate a parallel process by ordering a

¹ Docket No. 33672, Joint Motion to Initiate Settlement Conference (Feb. 14, 2008); also filed in Project No. 34560 (Feb. 15, 2008).

² Project No. 34560, Memorandum from Jess Totten, T. Brian Almon, and Sean Ferrell to Commissioners (Feb. 15, 2008).

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settlement conference regarding the selection of transmission service providers for the CREZ transmission facilities.

The joint motion was filed by AEP Texas Central Company, AEP Texas North Company, Airtricity, Inc., Babcock & Brown Renewable Holdings, Inc., CenterPoint Energy Houston Electric LLC, CPS Energy, Duke Energy Generation Services, Inc., Electric Transmission Texas, LLC, Eurus Energy America Corporation, Horizon Wind Energy, LLC, LCRA Transmission Services Corporation, Mesa Power, LLC, PPM Energy, Inc., RES America Developments, Inc., Sharyland Utilities, LP, Shell WindEnergy Inc., South Texas Electric Cooperative, Texas-New Mexico Power Company, and the Wind Coalition. The joint movants asserted that a settlement conference would be an efficient and effective mechanism to resolve issues, or narrow the issues the Commission will have to resolve, and that the process should be open to all parties in Docket No. 33672 and any other entities interested in constructing CREZ transmission facilities. Commission Staff presented four alternatives, including using a streamlined process that combined qualification and selection in parallel with a settlement conference.

The Commission concludes that a streamlined process, which collapses the selection and qualification processes, for the selection of TSPs to construct CREZ facilities will best comport with its desired time frame. The Commission further concludes that it should order a settlement conference to allow interested entities an opportunity to develop a solution, but that the rule making process should continue.

The settlement conference must be open to all interested entities, and participants must understand that two of the Commission's goals are to encourage new entrants and interject an element of competition into the Texas transmission market.

Accordingly, the Commission establishes *Settlement Conference Concerning Selection of Transmission Service Providers for the Competitive Renewal Energy Zones*, Project No. 35424. For the reasons discussed in this Order, the Commission issues the following orders:


1. Commission Staff shall initiate settlement conferences with all interested entities.
2. All entities that are interested in constructing and operating CREZ transmission facilities shall participate in the settlement conferences.
3. All parties to the settlement conferences shall negotiate in good faith to obtain a solution.

SIGNED AT AUSTIN, TEXAS the 17th day of March, 2008.

PUBLIC UTILITY COMMISSION OF TEXAS



BARRY T. SMITHERMAN, CHAIRMAN



JULIE CARUTHERS PARSLEY, COMMISSIONER



PAUL HUDSON, COMMISSIONER