

CHAPTER 25. SUBSTANTIVE RULES RELATING TO ELECTRIC SERVICE PROVIDERS.

Subchapter S. WHOLESALE MARKETS.

§25.511. Texas Energy Fund Completion Bonus Grant Program.

- (a) **Purpose.** The purpose of this section is to implement Public Utility Regulatory Act (PURA) §34.0105 and §34.0106 and establish:
- (1) Procedures for submitting an application to be eligible for a completion bonus grant award;
 - (2) The process by which an applicant may receive an annual grant payment; and
 - (3) Performance standards for electric generating facilities for which an applicant seeks a completion bonus grant payment.

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

- (1) **Assessed hours** -- the 100 hours during the test period with the least quantity of operating reserves, as determined by the highest values of peak net load, where peak net load is calculated as gross load minus wind, solar, and storage injection.
- (2) **Availability reliability factor (ARF)** -- a metric calculated with ERCOT data for each generation resource for which the commission awards a completion bonus grant under this section. The ARF is computed as the proportion of time that each generation resource was available (i.e., not in a planned outage) during the assessed hours. The ARF is calculated as follows:

$$ARF = \frac{\text{Total Evaluated Period Intervals}}{\text{Total Period Intervals}}$$

“Total evaluated period intervals” is equal to the total number of intervals during the assessed hours, excluding any that occurred during an approved planned outage of the generation resource. “Total period intervals” is equal to the total number of intervals during the assessed hours.

- (3) **Interconnection date** -- the resource commissioning date, as defined in the ERCOT protocols, for the last generation resource in an electric generating facility for which an applicant seeks a completion bonus grant award. The new electric generating facility or new generation resources at an existing electric generating facility must meet the eligibility criteria described in subsection (c) of this section.
- (4) **Performance reliability factor (PRF)** -- a metric calculated with ERCOT availability and real time (RT) telemetered data for each generation resource for which the commission awards a completion bonus grant under this section. The PRF is computed as the average ratio of each generation resource’s RT high sustainable limit (HSL) and its obligated capacity over the assessed hours. Intervals that occurred during an approved planned outage of a generation resource are excluded. The PRF is calculated as follows:

$$PRF = \frac{\sum \left(\frac{RT \text{ Telemetered HSL} \times \text{Available Flag}}{\text{Obligated Capacity}} \right)}{\text{Total Evaluated Period Intervals}} \times 100$$

“RT Telemetered HSL” is the HSL telemetered by the generation resource in real time. “Available Flag” is a binary flag that is equal to the minimum of a current operating plan (COP) available flag and a RT available flag. “COP available flag” is a binary flag that equals one if each hourly check of the generation resource’s COP for the hour that includes the interval in question indicates that the generation resource will be available in that interval (i.e., any status other than OUT or EMRSWGR), with such hourly checks starting at 14:30 on the day before the relevant interval; otherwise, the flag equals zero. “RT available flag” is a binary flag that equals one if the RT telemetered resource status code indicates the generation resource is available (i.e., any status other than OUT or EMRSWGR); otherwise, the flag equals zero. For a generation resource that provides capacity to an industrial load or private use network (PUN), obligated capacity is equal to the net capacity that is dedicated to ERCOT, as of the interconnection date. For all other generation resources, obligated capacity is equal to the adjusted seasonal net max sustainable rating (defined as the registered

CHAPTER 25. SUBSTANTIVE RULES RELATING TO ELECTRIC SERVICE PROVIDERS.

Subchapter S. WHOLESALE MARKETS.

- ERCOT Seasonal Net Max Sustainable Rating adjusted for planned derates). “Total evaluated period intervals” is equal to the total number of intervals during the assessed hours, excluding any that occurred during an approved planned outage of the generation resource.
- (5) **Test period** -- the one-year period starting on June 1 of one year and ending on May 31 of the following year.
- (c) **Eligibility.** To be eligible for a completion bonus grant award under this section, an applicant must construct at least 100 MW of new nameplate capacity, either as new generation resources in a new electric generating facility, or new generation resources at an existing electric generating facility, and the generation resources for which a completion bonus grant is sought must also:
- (1) interconnect to and provide power for the ERCOT region;
 - (2) be dispatchable with an output that can be controlled primarily by forces under human control;
 - (3) not be an electric energy storage facility;
 - (4) participate in the ERCOT wholesale market;
 - (5) consist of one or more generation resources physically capable of interconnecting to the ERCOT region through a single point of interconnection;
 - (6) be eligible to interconnect to the ERCOT region based on the attributes of the owners of the electric generating facility, according to the requirements in the Lone Star Infrastructure Protection Act (codified at Texas Business and Commerce Code §117.002);
 - (7) not meet the planning model requirements necessary to be included in an ERCOT capacity, demand, and reserves report for the ERCOT region before June 1, 2023 for the construction or addition of any generation resource;
 - (8) operate in such a manner that the electric generating facility that is serving an industrial load or PUN must meet the following conditions: the portion of nameplate capacity that will serve the maximum non-coincident peak demand of the industrial load or PUN must be less than 50 percent of the facility’s total nameplate capacity, and the remaining capacity serving the ERCOT market must be greater than 100 MW; and
 - (9) meet the interconnection deadlines described in subsection (e)(2) of this section.
- (d) **Determination of eligibility for completion bonus grant award.**
- (1) **Eligibility application.** No earlier than January 1, 2025, and no later than 180 days after the interconnection date of the electric generating facility for which an applicant requests a completion bonus grant award, an applicant must submit an electronic application in the form and manner prescribed by the commission. The application must include:
 - (A) the applicant’s legal name and the proposed name of each generation resource in the electric generating facility for which it seeks a completion bonus grant award. A corporate sponsor or parent may submit the application on behalf of its subsidiary applicant;
 - (B) information describing the applicant’s quality of services and management;
 - (C) information describing the applicant’s efficiency of operations;
 - (D) a record of the applicant’s history of electric generation operations in this state and this country, including information demonstrating the applicant’s experience operating and maintaining dispatchable electric generating facilities;
 - (E) a description of the operational attributes of the electric generating facility; if any generation resource in the electric generating facility will serve an industrial load or PUN, a description of the manner in which it will serve the industrial load or PUN, how the electric generating facility will primarily serve and benefit the ERCOT bulk power system given its relationship to a PUN or industrial load, the total nameplate capacity of the electric generating facility, the anticipated or actual maximum non-coincident peak demand of the associated industrial load or PUN, whether the electric generating facility’s generation capacity would be available to the ERCOT

CHAPTER 25. SUBSTANTIVE RULES RELATING TO ELECTRIC SERVICE PROVIDERS.

Subchapter S. WHOLESALE MARKETS.

- bulk power system during any Energy Emergency Alert, and a copy of any information submitted to ERCOT regarding PUN net generation capacity availability;
- (F) a description of the electric generating facility's ability to address regional and reliability needs;
 - (G) for electric generating facilities not yet interconnected to the ERCOT region:
 - (i) a proposed project schedule with anticipated dates for completion of construction, submission of registration documents with ERCOT and the commission, and anticipated interconnection date;
 - (ii) the anticipated nameplate capacity of the electric generating facility when commercial operations begin; and
 - (iii) the estimated construction costs of the electric generating facility.
 - (H) for electric generating facilities already interconnected to the ERCOT region:
 - (i) the actual construction costs of the electric generating facility, listed by generation resource;
 - (ii) the interconnection date of the newly constructed electric generating facility or of the last new generation resource added to an existing electric generating facility;
 - (iii) the total nameplate capacity of each generation resource in the electric generating facility that meets the eligibility requirement described in subsection (c)(7) of this section; and
 - (iv) the name of each generation resource in the electric generating facility and the name of the electric generating facility on ERCOT's market participant list.
 - (I) a statement describing when each generation resource in the electric generating facility met the planning model requirements necessary to be included in an ERCOT capacity, demand, and reserves report with an identification of the first appearance of the electric generating facility, or any generation resource in the electric generating facility, in an ERCOT capacity, demand, and reserves report;
 - (J) a statement of whether the applicant applied for a loan under §25.510 of this title (relating to Texas Energy Fund In-ERCOT Generation Loan Program) and the commission's determination on the loan application, if known;
 - (K) if applicable, a statement asserting that extenuating circumstances support the extension of any deadline described in subsection (e)(2) of this section, including the facts surrounding those extenuating circumstances;
 - (L) documentation that the applicant has registered or will register with the commission as a power generation company, unless the applicant is an MOU, electric cooperative, or river authority
 - (M) documentation that the applicant has registered or will register its generation resources according to ERCOT's registration requirements; and
 - (N) a narrative explanation of the applicant's preparations for compliance with §25.55 of this title (relating to Weather Emergency Preparedness).
- (2) The commission will evaluate the information provided in an application to determine whether an applicant is eligible to receive a completion bonus grant award. Determination of eligibility to receive a completion bonus grant award does not entitle an applicant to a grant payment.
- (A) The commission will issue a notice of eligibility for an applicant it determines is eligible to receive a completion bonus grant award. The notice of eligibility will state the completion bonus grant award amount based on the actual or projected capacity of each generation resource in the electric generating facility and its actual or projected interconnection date. The award amount is calculated for each generation resource, and these amounts are added together, if applicable, to reach a

CHAPTER 25. SUBSTANTIVE RULES RELATING TO ELECTRIC SERVICE PROVIDERS.

Subchapter S. WHOLESALE MARKETS.

total award amount for the electric generating facility. For a project that has not reached its interconnection date at the time the application is submitted, the applicant must subsequently submit to the TEF administrator documentation demonstrating that the interconnection date satisfies the applicable deadline in subsection (e)(2) of this section and demonstrate adherence to the criteria described in subsection (c) of this section. If the actual nameplate capacity or interconnection date differs from estimates, the commission may revise the eligible applicant's completion bonus grant award amount to reflect actual information and amend the notice of eligibility accordingly.

- (B) For the ten successive test periods following a qualifying electric generating facility's interconnection date, an eligible applicant is authorized to receive an annual completion bonus grant payment for each test period in which its generation resource or resources meet the performance standard established in this section.
 - (C) An eligible applicant must enter into a grant agreement in the form and manner specified by the commission whereby the eligible applicant commits to adhere to the requirements described in subsection (c) of this section for the duration of any test period for which it may receive a completion bonus grant payment. Failure to enter into a grant agreement or breach of the executed grant agreement will be grounds for the commission to determine that an applicant is ineligible to obtain any future completion bonus grant payment.
- (3) Information submitted to the commission in a completion bonus grant application is confidential and not subject to disclosure under Chapter 552 of the Texas Government Code.
 - (4) An applicant must separately file a statement indicating that an application for a completion bonus grant award has been presented to the commission for review with the date of application submission.
- (e) **Completion bonus grant award amount.**
- (1) The amount of a completion bonus grant award is based on program funding availability, and either
 - (A) the combined capacity of each new generation resource and interconnection date of the new electric generating facility; or
 - (B) the combined capacity of each new generation resource and interconnection date of the last new generation resource added to an existing electric generating facility.
 - (2) Unless the commission determines that extenuating circumstances justify extension of the deadlines under this subsection, the commission may approve a completion bonus grant award for an applicant considered eligible to receive a completion bonus grant award in an amount not to exceed:
 - (A) \$120,000 per MW of applicable capacity that is interconnected to the ERCOT region before June 1, 2026; or
 - (B) \$80,000 per MW of applicable capacity that is interconnected to the ERCOT region on or after June 1, 2026, and before June 1, 2029.
 - (3) The applicable capacity for use in paragraph (1)(A) and (1)(B) of this subsection is:
 - (A) the combined nameplate capacity of all new generation resources, if the newly constructed electric generating facility provides all capacity exclusively to the ERCOT power region;
 - (B) the increase in nameplate capacity attributable to the addition of one or more new generation resources at an existing electric generating facility; or
 - (C) the net nameplate capacity that exclusively serves the ERCOT region, as determined by the maximum non-coincident peak demand of the industrial load or PUN, if the electric generating facility serves an industrial load or PUN.

CHAPTER 25. SUBSTANTIVE RULES RELATING TO ELECTRIC SERVICE PROVIDERS.

Subchapter S. WHOLESALE MARKETS.

- (f) **Grant payment process.**
- (1) For each test period, the TEF administrator will disburse a grant payment to an applicant eligible to receive a completion bonus grant award. A grant payment is one-tenth of an applicant's total completion bonus grant award, subject to the performance standards and discount methodology prescribed under subsections (g) and (h) of this section.
 - (2) No later than 45 days following the end of each test period, ERCOT must determine and provide to the TEF administrator the assessed hours, the median and optimal performance levels of the generation resources in the reference group, the PRF and ARF for each generation resource in an electric generating facility under this section, and the amount of payment each eligible applicant is entitled to for that test period, based on the performance of each of its generation resources. The TEF administrator will provide each eligible applicant the assessed hours, the median and optimal performance levels, the eligible applicant's PRF and ARF, and the eligible applicant's calculated completion bonus grant payment amount.
 - (3) ERCOT's determination of a generation resource's PRF and ARF and the calculation of the applicant's completion bonus award payment following a test period are subject to review under Section 20 of the ERCOT protocols (alternative dispute resolution procedure) as modified by this subsection. To seek review of ERCOT's determination of PRF, ARF, or payment amount, an eligible applicant must submit a written request for an alternative dispute resolution proceeding to ERCOT no later than 30 days after the date the TEF administrator provides PRF and ARF determinations and payment calculations to the eligible applicant for the test period. The eligible applicant must simultaneously notify the TEF administrator in writing in the manner prescribed by the commission that it has invoked review of ERCOT's determination of PRF or ARF or payment calculations. An eligible applicant may appeal the outcome of the ERCOT review in accordance with §22.251(d) of this title (relating to Review of Electric Reliability Council of Texas (ERCOT) Conduct). The only parties to an appeal of the ERCOT review are the eligible applicant, ERCOT, and commission staff.
 - (4) Thirty-five days after the TEF administrator provides the PRF, ARF, and completion bonus grant payment amount to each eligible applicant, the TEF administrator will instruct the Texas Treasury Safekeeping Trust Company to disburse the grant payment to the eligible applicant and notify the eligible applicant of the disbursement, unless the eligible applicant requests review of the determination of PRF or ARF under paragraph (3) of this subsection. Upon resolution of a requested review, the TEF administrator will instruct the Texas Treasury Safekeeping Trust Company to disburse the grant payment, if appropriate.
- (g) **Performance standards.** An electric generating facility's performance is based on the PRF and ARF of each generation resource in the facility during the test period. The generation resource's PRF will be compared against the PRF of a reference group of non-grant recipient generation resources in the ERCOT region. ERCOT, in consultation with commission staff, must select a reference group comprising at least 30 resources randomly sampled from all dispatchable, interconnected, thermal generation resources with a nameplate capacity of at least 50 MW that were first interconnected to the ERCOT region on or after January 1, 2004. A grant payment may be discounted based on the formula prescribed in subsection (h) of this section. The performance standards for any test period are as follows:
- (1) Optimal performance standard is determined by the 90th percentile of PRF scores achieved by resources in the reference group during the assessed hours.
 - (2) Median performance standard is determined by the 50th percentile of PRF scores achieved by resources in the reference group during the assessed hours.
- (h) **Grant payment discount formula.** A grant payment equals one-tenth of an applicant's completion bonus grant award as stated in the applicant's notice of eligibility, subject to discount or withholding. Grant payments are calculated per generation resource. Each generation resource's performance is

CHAPTER 25. SUBSTANTIVE RULES RELATING TO ELECTRIC SERVICE PROVIDERS.

Subchapter S. WHOLESALE MARKETS.

computed separately, and a grant payment for that generation resource calculated accordingly. The total grant payment is summed from the individual generation resources' grant payments, if applicable. The formula for any discount of an annual grant payment is as follows:

$$\text{Grant Payment} = \begin{cases} 0, & \text{if } PRF \leq PRF_{50} \\ [1 - 10(1 - ARF)^2] \left[\frac{1}{4} + \frac{3}{4} \left(\frac{PRF - PRF_{50}}{PRF_{90} - PRF_{50}} \right) \right] \delta, & \text{if } PRF_{50} < PRF < PRF_{90} \\ [1 - 10(1 - ARF)^2] \delta, & \text{if } PRF \geq PRF_{90} \end{cases}$$

Where δ is equal to one-tenth of the applicant's completion bonus grant award based on the applicant's notice of eligibility, PRF_{50} denotes the median performance standard, and PRF_{90} denotes the optimal performance standard.

- (1) **Discount or withholding of payment.**
 - (A) The TEF administrator will not apply any discount to a grant payment if the generation resource meets or exceeds the optimal PRF performance standard established under subsection (g)(1) of this section and achieves an ARF of between 0.9 and one.
 - (B) The TEF administrator will disburse a discounted grant payment if the PRF of the generation resource for which the grant was provided is above the median performance standard established under subsection (g)(2) of this section but less than an optimal performance standard established under subsection (g)(1) of this section, or if the ARF of the generation resource is less than 0.9.
 - (C) The TEF administrator will withhold a grant payment if the PRF of the generation resource is equal to or below the median performance standard established under subsection (g)(2) of this section, or if the generation resource's calculation according to the formula in this subsection returns a value less than or equal to zero.
- (2) **Example.** An applicant would receive the following grant payments for hypothetical test periods 1, 2, and 3 based on a \$12,000,000 completion bonus grant award described in a notice of eligibility for a 100 MW generation resource interconnected on March 1, 2026. The table below represents an example of hypothetical test period PRF distributions.

Percentile	50 th	60 th	70 th	80 th	90 th	100 th
PRF_{Year 1}	90	92	94	96	98	100
PRF_{Year 2}	88	90	92	94	96	98
PRF_{Year 3}	92	93	94	95	96	97

Test Period 1 -- The generation resource achieved a PRF of 92 and an ARF of 1.0. Its PRF is above the median value ($PRF_{50} = 90$) but below the optimal performance standard ($PRF_{90} = 98$). Therefore, its completion bonus grant payment for this test period would be:

$$[1 - 10(1 - 1)^2] \left[\frac{1}{4} + \frac{3}{4} \left(\frac{92 - 90}{98 - 90} \right) \right] (\$1,200,000) = \$525,000$$

Test Period 2 -- The generation resource achieved a PRF of 85 and an ARF of 1.0. Its PRF is below the median value ($PRF_{50} = 88$). The applicant receives no grant payment for this test period.

Test Period 3 - The generation resource achieved a PRF of 96 and an ARF of 0.80. Its PRF is equal to the optimal performance standard ($PRF_{90} = 96$), but its payment will be discounted as a result of its ARF being less than 0.9. Its completion bonus grant payment for this test period would be:

$$[1 - 10(1 - 0.80)^2] (\$1,200,000) = \$720,000$$

CHAPTER 25. SUBSTANTIVE RULES RELATING TO ELECTRIC SERVICE PROVIDERS.

Subchapter S. WHOLESALE MARKETS.

- (i) **No Contested Case or Appeal.** An application for completion bonus grant eligibility is not a contested case. A commission decision on completion bonus grant program eligibility is not subject to a motion for rehearing or appeal under the commission's procedural rules.
- (j) **Expiration.** This section expires December 1, 2040.