

Communications Brief

Date: November 1, 2007

Issue: Transmission Planning Process

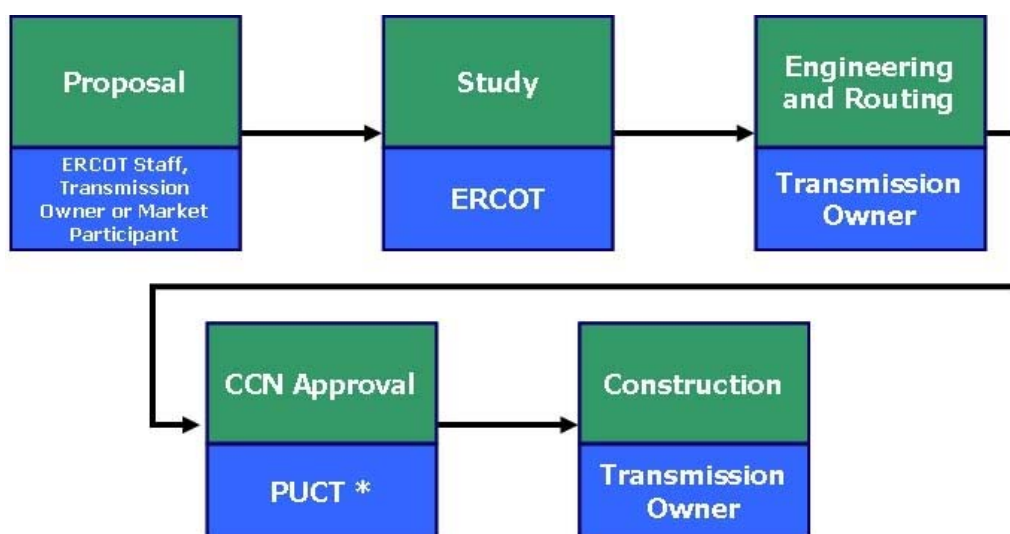
ERCOT leads an open and non-discriminatory planning process for the identification of new transmission facilities, considering and balancing the impacts of facility additions on stakeholders.

ERCOT involvement in transmission planning begins and ends with a high-level analysis of whether the proposed addition will benefit the grid from a reliability or economic perspective. The steps include:

- Projects or studies can be proposed by any Market Participant, Transmission Owner or ERCOT Staff.
- Stakeholders have an opportunity to comment on proposals and offer alternative solutions.
- ERCOT Staff performs an independent review.
- ERCOT Staff makes an independent recommendation to the ERCOT Board of Directors for major projects.
- The ERCOT Board determines whether the project will receive its endorsement based on Staff recommendation of the need for the project. (NOTE: The ERCOT Board endorsement is typically obtained for large projects (345,000 Volts) or those at lower voltage levels that require a PUC Certificate of Convenience and Necessity (CCN).

Major Steps in Development of a Transmission Project

The ERCOT Planning Process is the early part of a broader process through which new transmission is constructed. Following the ERCOT Board endorsement of a transmission project, the Transmission Owner responsible for the project construction will complete the engineering and routing studies, prepare the CCN application for review by the PUC, and will proceed with Right-of-Away acquisition and construction following the PUC approval of the CCN.



* Obtaining a new Certificate of Convenience and Necessity (CCN) for a transmission project is not always necessary. For instance, if the project is an expansion of an existing line, a CCN proceeding at the PUC would not occur. Interested parties may participate in the process at this point as well as during the "Engineering and Routing" phase during which utilities hold public meetings in the affected areas.