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## ERCOT Trending Topics

### TOPIC: Temporary Reliability Solutions to Bridge the Gap Left by Retirement of Aging Resources

Preliminary RMR Exit Strategy

Alternative Mobile Generation

South Texas Export and Import Generic Transmission Constraints (GTC) Exit Strategy

San Antonio Reliability II Transmission Project

In this ERCOT Trending Topic, we explain:

- Why the CPS Energy Braunig units are important to ERCOT
- Why ERCOT has executed a Reliability Must-Run (RMR) agreement for Braunig Unit 3
- Why ERCOT proposes to use 15 temporary mobile generation units in lieu of RMR agreements for Braunig Units 1 & 2
- How these proposed solutions would reduce reliability risks associated with exports of power from South Texas into the San Antonio region
- The proposed exit strategy for these contracts



### FACTS:

#### Background

On March 13, 2024, ERCOT issued a public [Market Notice](#) that it had received notices that three older gas-powered generation units at CPS Energy Braunig Power Station (Braunig 1, Braunig 2, and Braunig 3) in San Antonio would indefinitely suspend operations as of March 31, 2025. For Braunig 3, this date was later revised to March 2, 2025. On April 22, 2024, ERCOT issued a public [Market Notice](#) based on the results of a reliability analysis that the Braunig units were needed to support ERCOT System reliability. The analysis determined that shutting down the Braunig units would increase the probability of overloading certain 345-kV transmission lines south of San Antonio. Operating above appropriate levels on these transmission lines has the potential to result in cascading transmission outages and widespread, uncontrolled load loss (inability to serve electricity to customers within the ERCOT region). To mitigate this risk and to comply with federal reliability standards of the transmission grid, ERCOT must take action, which may include controlled load shedding, if necessary, to avoid overloading these lines.

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### **What is ERCOT required to do in response to receiving a generation notice of suspension?**

When an electric power generation resource has proposed to retire (shut down) or indefinitely suspend operations and ERCOT has determined that it is needed to support grid reliability (voltage stability and other transmission system requirements), ERCOT is required under Public Utility Commission of Texas (PUCT) Rule 25.502 and ERCOT Protocols to evaluate the need for a Reliability Must Run (RMR) agreement for the generation resource, as well as seek other potential options called Must-Run Alternatives (MRAs). Under an RMR agreement, the electric power generation unit is enabled to continue to operate upon ERCOT's order. ERCOT would pay the unit for being dispatched if all other units that can potentially provide similar service have already been called upon. MRA agreements, in contrast, can be used where an ERCOT Market Participant identifies a resource (generation or load) or group of resources that will address the identified reliability need resulting from a planned suspension of operation of a generation resource in a more cost-effective manner than entering into an RMR agreement. Note that both RMR and MRA agreements are expected to be short-term (typically one year or less) and are not intended to address long-term system needs.

### **Does ERCOT have a strategy to address the impacts of suspension of the CPS Energy Braunig units?**

Yes. ERCOT's analysis determined that contracting for RMR service from all three Braunig units for two years is estimated to cost less than the value of the system-wide load shed (impact if the entire ERCOT electric grid were to collapse) projected to occur if the units retire. On December 3, 2024, based on ERCOT's recommendation, the ERCOT Board approved RMR service for Braunig 3, and an RMR agreement was executed by ERCOT and CPS Energy on February 24, 2025. RMR service under that agreement will cover the period from March 2, 2025, through no later than March 1, 2027. Braunig 3 is the largest and newest of the three Braunig units. The Board deferred its decision on Braunig 1 and 2 to allow time to explore potential alternative solutions.

On February 25, 2025, the ERCOT Board approved the recommendation to pursue an alternative mobile generation solution for Braunig 1 and 2. In addition, the Board authorized ERCOT to enter into RMR agreements for Braunig 1 and 2 in the event that ERCOT was unable to finalize a contract for the mobile generation solution.

### **What are the mobile generation units, and how would these be used?**

ERCOT explored the utilization of a fleet of 15 mobile electric power generating units (each capable of approximately 30 MW at International Organization for Standardization (ISO) conditions) owned by Life Cycle Power (LCP), currently under lease to CenterPoint Energy, for a term of up to two years as a backup power generation source during actual or anticipated emergency operations. These larger, behind-the-meter, diesel-fired mobile generation units are projected to be a more cost-effective and reliable solution to manage the transmission

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concerns instead of entering into a potentially more expensive RMR agreement for Braunig 1 and 2. The mobile generation units have greater reliability benefits for the transmission grid given their shorter startup time, with units able to reach full output within 10 minutes. Also, the newer, more responsive units are at a lower risk of forced outages or shutting down due to mechanical problems. LCP would move the mobile generation units from the Houston area to the San Antonio area in the summer of 2025.

**When will the mobile generation units run?**

The units would be deployed by ERCOT only during pre-emergency conditions (e.g., normal operations, but in times of possible grid vulnerability due to high demand or equipment failures), or during emergency conditions (i.e., transmission line failure, Energy Emergency Alerts (EEA)). Both conditions are equally as important and must be addressed immediately to maintain grid reliability and prevent system-wide load shed. The period of use of the generators by ERCOT would last no more than two years under the contract between ERCOT and LCP.

**How are concerns related to the air emissions of these mobile generation units addressed?**

Given that these mobile generators are only operated to address an emergency or an anticipated emergency that cannot be addressed with other resources, the expectation is that they should be operated relatively infrequently, and ERCOT has worked with the Texas Commission on Environmental Quality (TCEQ) and LCP to identify a suitable approach to addressing air emissions concerns. The emissions at each site will be tracked to ensure compliance with all TCEQ permit requirements.

**How would the cost for the mobile generation units be allocated?**

As the LCP mobile generation unit solution addresses transmission reliability issues or ERCOT-wide emergency issues, the total ~\$51 million in costs are allocated to all consumers in the ERCOT territory as all consumers benefit by the resolution of this reliability concern.

**What happens when the RMR and mobile generation agreements end?**

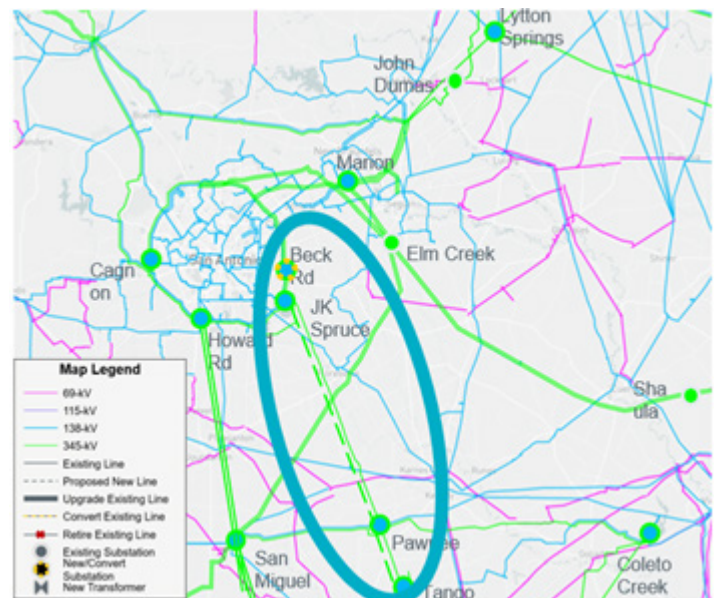
Under PUCT Rule 25.502 and ERCOT Protocol Section 3.14.1.4, Exit Strategy for an RMR Agreement, ERCOT is required to present the Board with more cost-effective alternatives than the continued renewal of the existing RMR agreement and provide a proposed timeline to implement the alternative. The mobile generation agreement is also structured to allow notice of termination by ERCOT if it is no longer needed after the first 12 months of the agreement. ERCOT has studied accelerating the line rebuild portion of the San Antonio South Reliability II Project as an exit strategy for the RMR agreement and alternative mobile generation solutions.

## What is the San Antonio South Reliability II Transmission Project, and why did ERCOT propose acceleration?

The San Antonio South Reliability II Transmission Project was identified as a potential exit strategy for the RMR and mobile generation agreements. The original project was endorsed by the ERCOT Board on April 23, 2024. ERCOT has been in discussions with the respective Transmission Service Providers (CPS Energy, American Electric Power (AEP), and South Texas Electric Cooperative (STEC)) to evaluate the feasibility of accelerating the line rebuild portion of the project as it may be more cost-effective than the continuation of the RMR and mobile generation agreements.

The original expected timeline of the San Antonio South Reliability II Transmission Project as shown in the image was as follows:

- Construct a new 345-/138-kV switching station on the east side of San Antonio near Beck Road (**June 2028**)
- Rebuild the 345-kV single circuit from JK Spruce to Pawnee into a 345-kV double circuit transmission line (**December 2028**)
- Rebuild the 345-kV single circuit from Pawnee to Tango into a 345-kV double circuit transmission line (**May 2029**)



*San Antonio South Reliability II Transmission Project*

The acceleration will reduce the timelines for the line rebuild portions of the project. Based on current forecasts, the following is anticipated:

- The **first circuit** of the Spruce-to-Pawnee and Pawnee-to-Tango 345-kV double-circuit transmission line could be energized by **September 2026**.
- The **second circuit** of the Spruce-to-Pawnee and Pawnee-to-Tango 345-kV double-circuit transmission line could be energized by **January 2027**.

## What is the good-cause exception?

On March 27, 2025, ERCOT requested that the PUCT grant good-cause exceptions to various rules, protocols, and planning guide provisions to allow timely implementation of this solution while still ensuring reliable interconnection. At the April 3 Open Meeting, the PUCT voted to approve ERCOT's request.

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### **What's next?**

At the February 25, 2025, ERCOT Special Board of Directors Meeting, the ERCOT Board voted to authorize ERCOT to finalize an agreement with LCP for the operation of its mobile generators. Additionally, ERCOT provided an RMR exit strategy at the April 2025 Board Meeting. On June 4, 2025, ERCOT, LCP, CPS Energy, and CenterPoint finalized their respective contractual arrangements needed to relocate LCP's 15 mobile generating units from Houston to San Antonio and to prepare them for operation when needed. Read the [Market Notice](#) for more information.