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| NPRR Number | [1274](https://www.ercot.com/mktrules/issues/NPRR1274) | NPRR Title | RPG Estimated Capital Cost Thresholds of Proposed Transmission Projects |
| Date of Decision | | November 19, 2025 | |
| **Action** | | Recommended Approval | |
| Timeline | | Normal | |
| Estimated Impacts | | Cost/Budgetary: None  Project Duration: No project required | |
| Proposed Effective Date | | The first of the month following Public Utility Commission of Texas (PUCT) approval | |
| Priority and Rank Assigned | | Not applicable | |
| Nodal Protocol Sections Requiring Revision | | 3.11.4.3, Categorizations of Proposed Transmission Projects | |
| Related Documents Requiring Revision/Related Revision Requests | | None | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) updates the estimated capital cost for the tier classification rules used for the Regional Planning Group (RPG) process. | |
| Reason for Revision | | [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 1 – Be an industry leader for grid reliability and resilience  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 2 - Enhance the ERCOT region’s economic competitiveness with respect to trends in wholesale power rates and retail electricity prices to consumers  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 3 - Advance ERCOT, Inc. as an independent leading industry expert and an employer of choice by fostering innovation, investing in our people, and emphasizing the importance of our mission  General system and/or process improvement(s)  Regulatory requirements  ERCOT Board/PUCT Directive  *(please select ONLY ONE – if more than one apply, please select the ONE that is most relevant)* | |
| Justification of Reason for Revision and Market Impacts | | The estimated capital cost thresholds used by ERCOT to categorize transmission projects were last changed in June of 2018 and have since become outdated with the rise of transmission project costs over the years. ERCOT has observed a correlation between an increase in overall project costs and the number of transmission projects the ERCOT planning department must review.  ERCOT believes adjusting the thresholds to account for inflation will help ensure ERCOT is reviewing the most appropriate and impactful transmission projects.  To account for inflation, after considering evaluation costs by Oncor and the concurrence of other ERCOT utilities, this NPRR proposes to double the review thresholds in the RPG process. | |
| PRS Decision | | On 3/12/25, PRS voted unanimously to table NPRR1274 and refer the issue to ROS. All Market Segments participated in the vote.  On 10/8/25, PRS voted unanimously to recommend approval of NPRR1274 as amended by the 8/20/25 Oncor comments. All Market Segments participated in the vote.  On 11/12/25, PRS voted unanimously to endorse and forward to TAC the 10/8/25 PRS Report and 2/25/25 Impact Analysis for NPRR1274. All Market Segments participated in the vote. | |
| Summary of PRS Discussion | | On 3/12/25, participants requested the NPRR be referred to ROS for further discussion.  On 10/8/25, participants reviewed the 8/20/25 Oncor comments.  On 11/12/25, participants reviewed the 2/25/25 Impact Analysis. | |
| TAC Decision | | On 11/19/25, TAC voted unanimously to recommend approval of NPRR1274 as recommended by PRS in the 11/12/25 PRS Report. All Market Segments participated in the vote. | |
| Summary of TAC Discussion | | On 11/19/25, participants reviewed the items below and ERCOT Staff noted that comments would be filed to NPRR1280, Establish Process for Permanent Bypass of Series Capacitor, to align capital cost tier classifications as proposed in NPRR1274, as both items will be at the December 2025 ERCOT Board meeting. | |
| TAC Review/Justification of Recommendation | | Revision Request ties to Reason for Revision as explained in Justification  Impact Analysis reviewed and impacts are justified as explained in Justification  Opinions were reviewed and discussed  Comments were reviewed and discussed (if applicable)  Other: (explain) | |
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| **Opinions** | | | |
| Credit Review | | ERCOT Credit Staff and the Credit Finance Sub Group (CFSG) have reviewed NPRR1274 and do not believe that it requires changes to credit monitoring activity or the calculation of liability. | |
| Independent Market Monitor Opinion | | IMM has no opinion on NPRR1274. | |
| ERCOT Opinion | | ERCOT supports approval of NPRR1274. | |
| ERCOT Market Impact Statement | | ERCOT Staff has reviewed NPRR1274 and believes adjusting the Tier thresholds to account for inflation will help ensure ERCOT is reviewing the most appropriate and impactful transmission projects. | |

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| Market Segment | Not applicable |

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| **Comments Received** | |
| **Comment Author** | **Comment Summary** |
| ROS 040425 | Requested PRS continue to table NPRR1274 for further review by the Planning Working Group (PLWG) |
| Oncor 051425 | Proposed to double the RPG Tier thresholds in NPRR1274 |
| Joint TSP 051625 | Provided additional cost analysis to demonstrate the need for higher RPG cost threshold values over the proposed ERCOT amounts to help right-size the RPG cost Tiers with today’s costs |
| TEBA 061225 | Asserted that doubling the threshold for review is acceptable in exchange for the routine review of grid enhancing technologies and advanced conductors, and that reviewing technologies will lower consumer costs and increase system reliability |
| Oncor 082025 | Responded to the 6/12/25 TEBA comments and removed the proposed revision that would permit ERCOT to recommend GETs as part of the RPG process |
| ERCOT 092325 | Reported on cost estimate breakdowns from TSPs for historic RPG project submissions and the equivalent cost estimate for the projects if they were submitted in 2025 |
| ROS 100425 | Endorsed NPRR1274 as amended by the 8/20/25 Oncor comments |
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| **Market Rules Notes** | |

Please note that the following NPRR(s) also propose revisions to the following section(s):

* NPRR1280, Establish Process for Permanent Bypass of Series Capacitor
  + Section 3.11.4.3

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| Proposed Protocol Language Revision |

3.11.4.3 Categorization of Proposed Transmission Projects

(1) ERCOT classifies all proposed transmission projects into one of four categories (or Tiers). Each Tier is defined so that projects with a similar cost and impact on reliability and the ERCOT market are grouped into the same Tier. For Tier classification, the total estimated cost of the project shall be used which includes costs borne by another party.

(a) A project shall be classified as Tier 1 if the estimated capital cost is greater than or equal to $200,000,000, unless the project is considered to be a neutral project pursuant to paragraph (f) below.

(b) A project shall be classified as Tier 2 if the estimated capital cost is less than $200,000,000 and a Certificate of Convenience and Necessity (CCN) is required, unless the project is considered to be a neutral project pursuant to paragraph (f) below.

(c) A project shall be classified as Tier 3 if any of the following are true:

(i) The estimated capital cost is less than $200,000,000 and greater than or equal to $50,000,000 and a CCN is not required, unless the project is considered to be a neutral project pursuant to paragraph (f) below; or

(ii) The estimated capital cost is less than $50,000,000, a CCN is not required, and the project includes 345 kV circuit reconductor of more than one mile, additional 345/138 kV autotransformer capacity, or a new 345 kV substation, unless the project is considered to be a neutral project pursuant to paragraph (f) below.

(d) A project with an estimated capital cost greater than or equal to $50,000,000 that is proposed for the purpose of replacing aged infrastructure or storm hardening shall be processed as a Tier 3 project and shall be reclassified as a Tier 4, neutral project upon ERCOT’s determination that any concerns, questions or objections raised during the comment process have been resolved satisfactorily.

(e) A project shall be classified as Tier 4 if it does not meet the requirements to be classified as Tier 1, 2, or 3 or if it is considered a neutral project pursuant to paragraph (f) below.

(f) A project shall be considered a neutral project if it consists entirely of:

(i) The addition of or upgrades to radial transmission circuits;

(ii) The addition of equipment that does not affect the transfer capability of a circuit;

(iii) Repair and replacement-in-kind projects;

(iv) Transmission Facilities needed to connect a new Generation Resource, Energy Storage Resource (ESR), or Settlement Only Generator (SOG) to a new or existing substation on the existing ERCOT Transmission Grid, including the substation;

(v) The addition of static reactive devices;

(vi) A project to serve a new Load, unless such project would create a new transmission circuit connection between two stations (other than looping an existing circuit into the new Load-serving station);

(vii) Replacement of failed equipment, even if it results in a ratings and/or impedance change; or

(viii) Equipment upgrades resulting in only ratings changes.

(2) ERCOT may use its reasonable judgment to increase the level of review of a proposed project (e.g., from Tier 3 to Tier 2) from that which would be strictly indicated by these criteria, based on stakeholder comments, ERCOT analysis or the system impacts of the project.

(a) A project with an estimated capital cost greater than or equal to $100,000,000 that requires a CCN shall be reclassified and processed as a Tier 1 project upon request by a Market Participant during the comment period per Planning Guide Section 3.1.5, Regional Planning Group Comment Process.

(3) Any project that would be built by an Entity that is exempt (e.g., a Municipally Owned Utility (MOU)) from getting a CCN for transmission projects but would require a CCN if it were to be built by a regulated Entity will be treated as if the project would require a CCN for the purpose of defining the Tier of the project.

(4) If during the course of ERCOT’s independent review of a project, the project scope changes, ERCOT may reclassify the project into the appropriate Tier.