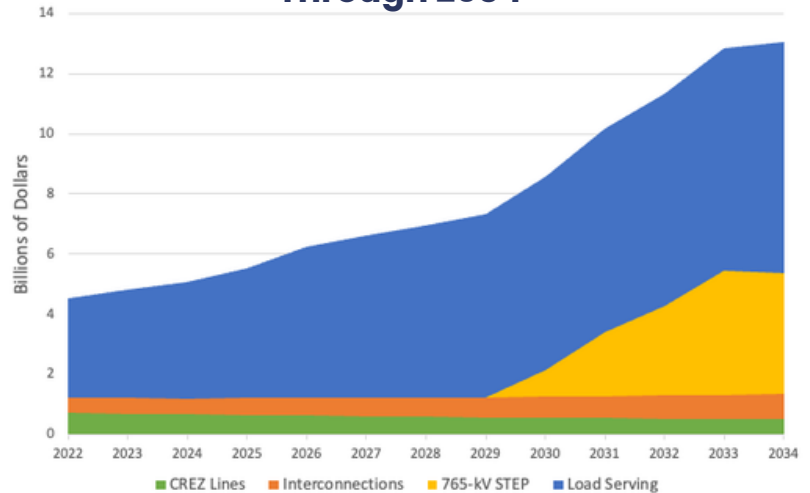


## The Explosion of Transmission Costs in ERCOT: Causes Forecasts, and Policy Solutions

### Key Points

- Transmission costs in ERCOT rose from \$1.5 billion in 2010 to over \$5 billion in 2024 and could increase to over \$12 billion per year by 2033.
- After adjusting for inflation and overall rising electricity demand, the average ratepayer in the ERCOT region paid 57% more in transmission charges in 2024 than in 2010.
- Texas ratepayers are paying about \$1 billion per year to support transmission investments for wind and solar and have paid a total of nearly \$15 billion since 2010.
- If current transmission plans are fully executed, the annual cost of transmission in ERCOT will more than double, adding at least \$100 per year to the average residential ratepayer's electric bill.
- Many new transmission projects will primarily serve new data center demand, highlighting the urgent need to revise how transmission costs are allocated among all ratepayers.

### Projected Annual Transmission Costs Through 2034



The chart shows historical costs (2022-2024) and projected costs through 2034, broken down by CREZ lines (green), interconnections (orange), new 765-kV STEP projects (yellow), and load-serving transmission (blue). Total annual costs are projected to rise from approximately \$5 billion to over \$13 billion.

### What's Driving Costs?

- **CREZ Lines:** \$6.9B project adding ~\$750M/year to ratepayer costs (total: \$20B over 35 years)
- **Wind/Solar Interconnections:** Over \$5 billion in total costs from 2010-2024
- **Data Centers:** New transmission is being planned primarily to serve data centers
- **Equipment Inflation:** Prices up 68% since 2020

## The PUC/ERCOT Should Expedite Local Transmission Upgrades While Pausing the 765-kV Projects Until the Following Tasks Are Completed:

- Complete new large load forecasting rule and update ERCOT's forecasts.
- Finalize PGRR 1344 to allow flexible/controllable loads to reduce transmission infrastructure needs.
- Finalize transmission cost allocation assessment to determine the cost of large transmission projects for each class of ratepayers.
- Evaluate whether upgrades to existing transmission and market changes to promote more dipstahcbale generation instead of distant wind and solar could avoid the need to build new transmission.