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Public Utility Commission of Texas

Memorandum

TO: Chairman Thomas J. Gleeson
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty
Commissioner Kathleen Jackson
Commissioner Courtney K. Hjaltman

FROM: Tracie Tolle, Texas Energy Fund Director

DATE: December 12, 2024

RE: **December 12, 2024 Open Meeting – Item No. 32**

Project No. 56896 – Texas Energy Fund In-ERCOT Loan Program Reports and Filings

At the August 29, 2024 open meeting, the Commission advanced a portfolio of applications seeking funding under the Texas Energy Fund (TEF) In-ERCOT Generation Loan Program to due diligence review. Since the advancement of that portfolio, Commission Staff (Staff) have identified two additional applications from the pool of remaining applications to recommend for advancement to due diligence:

Application Number	Sponsor Name	Capacity (MW)
APP-016	NRG Energy, Inc.	721
APP-237	WattBridge Energy IPP Holdings, LLC	510

Application 016 and Application 237 seek \$805 million in TEF funds and represent 1,231 megawatts of potential new generation. The advancement of the two additional applications to due diligence would result in a revised portfolio of 18 total applications, \$5.342 billion in loaned TEF funds, and 9,720 megawatts in potential new generation.

Attachment 1 shows aggregated application information for a revised portfolio that would include these recommended applications.

Methodology

Staff arrived at the recommendation of Application 016 and Application 237 by completing a comparative analysis of the fifty-five applications not previously advanced to due diligence. As stated in Staff's August 29, 2024 memorandum applications were assessed based on responses to four major categories of application information: (1) project technical and regional attributes, (2) project financial attributes, (3) application sponsor history, and (4) application sponsor financial characteristics. Staff also aimed to meet

the commissioners' stated priorities: (1) diversity among applicant types, (2) diversity in siting location, (3) speed to market, (4) ability to relieve transmission constraints, and (5) diversity of generation resource types.

In response to lessons learned from the first round of applications invited to due diligence, Staff performed an enhanced Know Your Customer review to ensure that the recommended applications would result in suitable TEF borrowers. Staff also assessed whether each applicant has made arrangements to obtain required equipment to begin timely construction of TEF projects. Finally, Staff prioritized applications with evidence of a signed Engineering, Procurement, and Construction Agreement and signed equity commitment or attestation letter.

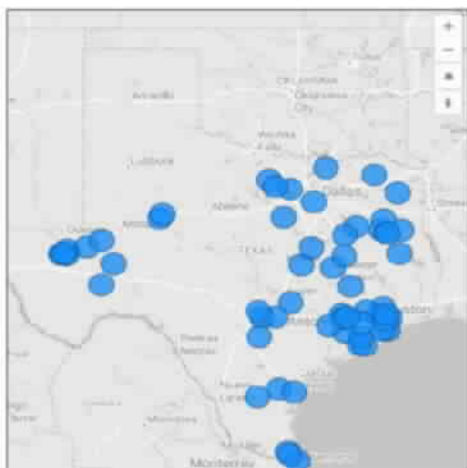
Staff Recommendation to Due Diligence

Staff recommends that the Commission approve the advancement of Application 016 and Application 237 to due diligence review to determine their eligibility for TEF funding. Staff expects that due diligence review for these applications will take between four and eight months.

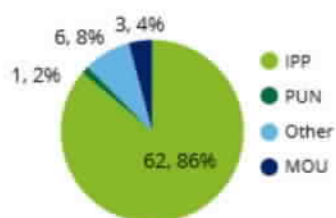
Staff is prepared to discuss any part of this memo at the December 12, 2024 open meeting.

In-ERCOT General Loans Program – Recommended Portfolio, December 2024

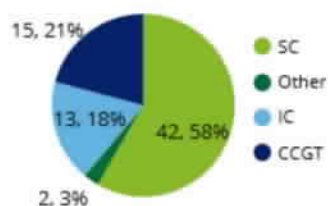
Locations of 72 Applications



Entity Type¹ of Loan Applications



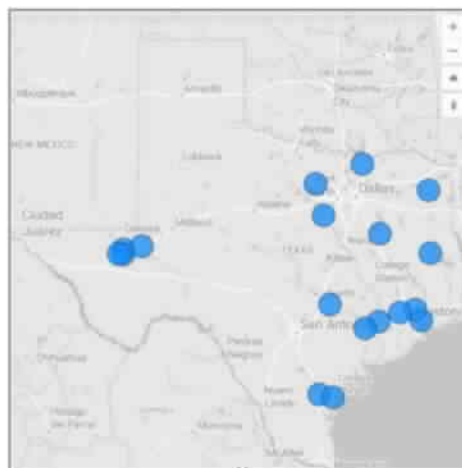
Technology Type² of Loan Applications



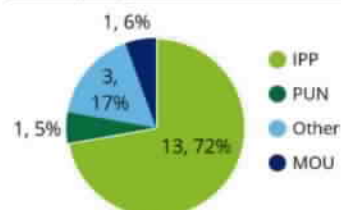
Value of Loans



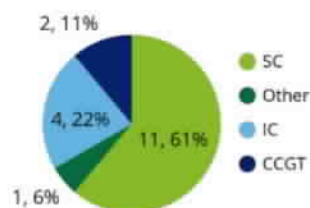
Locations of Portfolio of 18



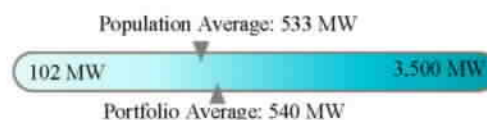
Entity Type of Loan Portfolio



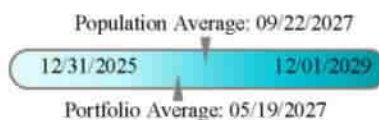
Technology Type of Loan Portfolio³



Megawatts (MW) of Projects



Commercial Operations Date



¹ Independent Power Producer (IPP), Private Use Network (PUN), Municipal Owned Utility (MOU)

² Simple Cycle (SC), Internal Combustion (IC), Combined Cycle Gas Turbine (CCGT)

³ Data in pie charts is shown as (number of applications, percentage of applications)