

STAFF REPORT

ELECTRICAL COALITION

Johnny Carlock, Pioneer Natural Resources

The Electric Coalition meeting for this quarter was held at the Midland offices on March 23, 2022, with the option of virtual participation via Zoom. The meeting focused on actions taken by regulatory agencies in response to Senate Bill 3.

PBPA staff presented on recent actions and rule-making activities by the RRC, the PUC and ERCOT. Many member organizations limited discussions concerning the critical designation submittals, as those activities were executed. Member participants were asked for feedback on the process and the potential use of the information provided? Members expressed concerns that the submittal was required ahead of the mapping portion of the process, which is slated to be completed later this year. There was discussion on developing an action plan to identify facilities that are critical to generation plant natural gas supply. An effective critical facility mapping process is key to avoiding ineffective capital expenditures on marginal production facilities. Several participants also interpreted the critical designation required them to remove identified facilities from demand response programs. No participant stated that designated facilities remained in a demand response program. It was noted that a failure to allow TDSP shedding of marginal facilities during a significant weather event will likely exacerbate a power shortfall within the basin. Again, the upcoming mapping process is key to mitigate unintended consequence of an unsophisticated critical designation effort. Another area of concern centered around efforts by the RRC and the Texas Energy Reliability Council to weatherize infrastructure. Members do not want the critical designation submittals to become the default list of facilities requiring weatherization. We are anticipating more information in the next few months on both weatherization requirements and facilities requiring weatherization. These topics will remain relevant in our upcoming coalition meetings as members prepare to comply with requirements that could have a significant impact on ongoing operations.

Participants were also provided information on the Permian Electrification Initiative sponsored by eight operators in the basin, with data being provided across two reliability councils (ERCOT & SPP). IHS Markit is performing a grid capacity and load projection study for the Permian Basin. This is the same firm that completed a basin study for Oncor in 2020. IHS Markit presented at ERCOT on February 15, 2022, to over 150 participants, including several ERCOT transmission service providers. The coalition will continue to monitor the progress of this initiative and to provide updates to participating members.