

COMMITTEE REPORTS

ELECTRICAL COALITION

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The Electric Coalition meeting for this quarter was held at the Midland offices on May 17, 2022, with the option of virtual participation via Zoom. The meeting focused on actions taken by regulatory agencies related to facility critical designation and winterization efforts.

The meeting began with the introduction of Harley Henninger as the new Vice Chairman of the Electrical Coalition. Harley currently serves as a Senior Staff Electrical Engineer for Endeavor Energy Resources. PBPA leadership welcomes Harley and anticipates his experience and knowledge will enhance the coalition's ability to serve our members. As electrification efforts increase within the basin, the coalition will change our meeting cadence to something more frequent than quarterly, making Harley a timely addition.

PBPA staff presented updates on activities by the RRC, the PUC and ERCOT. Members expressed frustration with the lack of feedback on the progress of the mapping portion of the process, which is slated to be completed later this year. In addition, there was discussion on finalizing winterization specifications and requirements associated with designated facilities. We are anticipating more information in the coming months on both weatherization rules and facilities requiring weatherization. These topics will remain relevant in our upcoming coalition meetings as timing becomes more critical as we approach the yearend implementation date. Members anxiously await additional updates and feedback to allow for compliance by the deadline.

Open-floor discussions highlighted the widespread lack of transmission and distribution capacity within the basin. Members presented a list of counties that were experiencing service delays into 2023 and 2024, primarily due to transmission constraints and delays in distribution facility buildout. In response to this return of previously mitigated service issues, it is likely time to repeat knowledge-shares with utility planners and ERCOT staff, as was done in 2015-2016. The greatest risk is the return of transmission constraints to large swaths of the Midland sub-basin, as the utilities deemed this mature infrastructure to be more accommodating to industry needs. Transmission service providers did not use the pandemic-induced lull in activity to close the gap between industry electrical demand and grid capacity. As our industry has returned to normal activity levels, the gap has widened, resulting in utilities presenting mitigation dates as far out as 2024. This is reminiscent of the 2015-16 grid constraints, but the impact will be exacerbated by industry ESG electrification efforts, as well as growth in the cryptocurrency mining industry. The coalition will strive to increase interaction with utility planners and ERCOT staff to address the grid issues.

As a final note, Participants briefly discussed a recent change to ERCOT protocols. Any new load request above a given MW threshold will trigger additional review and study to meet NERC Reliability Standard FAC-002-2. The results of the study may require the customer to address other conditions to obtain ERCOT approval. Where feasible, several attendees expressed efforts to evaluate load requests for potential modification to avoid triggering the new study requirements.