

COMMITTEE REPORTS

ELECTRICAL COALITION

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In the Third Quarter, we continued to work with the Public Utility Commission (PUC), the Electric Reliability Council of Texas (ERCOT) and the Transmission Service Providers, or TSPs, (ONCOR, Texas-New Mexico Power, et. al.) on electric load forecasting to make sure Permian Basin producers have the electricity they need now and in the future. The current system that ERCOT has for additional electric transmission and generation uses a four to six-year model to have that electricity in place. Producers, however, typically have a business plan that requires additional power in place on 6 to 18-month basis.

Through working with ERCOT the TSPs and other customers we have developed a number of changes to the current ERCOT forecasting model that will reduce their four to six-year model down to two to three years. Three of those changes we can do without the PUC's approval. There are an additional three changes on track to be considered for approval by the PUC in the First-Quarter of 2020.

In addition, we now have ERCOT on a fast track to study and make recommendations on electricity for the Delaware sub-basin. You should also know that Oncor has its own, separate study on electricity needed for the Delaware sub-basin, as well as other parts of the Permian Basin. Both ERCOT and Oncor advise that they will have preliminary results from their studies by December 2019.

As a demonstration of how tight we are on electricity in the Permian Basin, you should know that ERCOT requested the Texas Commission on Environmental Quality (TCEQ) to relax the emission limits and emission enforcement of the Luminant generation units because "they (the units) are needed to address certain ERCOT-declared transmission emergencies impacting West Texas". These units would have hit their emission limits in September and would have to shut down once they hit their emission limits. TCEQ has agreed to relax the emission limits and enforcement so these units remain on-line for the rest of 2019.

We are looking at hosting our next meeting of the coalition on November 21, 2019.