

COMMITTEE REPORT

ELECTRICAL COALITION

Johnny Carlock, Pioneer Natural Resources

The Electric Coalition meeting for this quarter was held at the Midland offices on August 3, 2021, with the option of virtual participation via Zoom. The meeting was focused on getting member input on proposed provisions of Senate Bill 3 (passed during the last regular session of the Texas Legislature, earlier in the year).

The meeting was part of our continuing effort to garner member participants' feedback on legislation resulting from the House and the Senate bills following Winter Storm Uri. PBPA staff had worked with the Railroad Commission, the Public Utility Commission, ERCOT and PBPA members on the provisions of Senate Bill 3 that could have an impact on our members. In response to some of the new provisions, ERCOT released a request for revision concerning Load Resource programs, ERCOT Nodal Protocol Revision Request 1087 (NPRR 1087). Specifically, ERCOT was seeking to prohibit Critically Designated facilities from participating in the program, which could have a significant impact on members' ability to offset electricity costs.

PBPA staff presented the potential impacts of NPRR 1087 and requested feedback from Coalition members on whether the impacts applied to them and to provide suggestions on feasible compromises to mitigate potential impacts. PBPA provided a form to members to assist with categorizing various asset types and the potential impacts of the proposed revisions. The form was accompanied by a list of potential negative impacts the revisions could have on members. In addition to this issue, there were several comments of concern relating to HB 3648 and the potential for upstream infrastructure to be deemed critical and to be subjected to mandatory weatherization requirements. The Railroad Commission was indicating a rulemaking path that would designate all upstream natural gas facilities as 'critical' and then provide a path for facility owners to opt out. The opt-out option would have a per facility cost (~\$375/location), which represents a significant monetary impact for several members. Coalition members discussed the dual impact of facilities being removed from the load resource program via NPRR 1087 and then requiring a monetary payment to the RRC to correct an inappropriate 'critical' designation. PBPA staff collected member feedback to assist in developing comments to the proposed ERCOT release. Members also expressed a desire to submit comments on proposed Railroad Commission rulemaking, if given an opportunity.

Maintaining a robust fuel supply shall remain a key area to improve, but weatherization of critical power plants presents a concise path to mitigate cold weather event outages. The Coalition will continue to evaluate the proposed implementations of recent Texas legislative efforts.