

Save Our Scenic Hill Country Environment, Inc.

Annual Report on Operations

November 1, 2017- October 31, 2018

In its 11th year of operation, Save Our Scenic Hill Country Environment (SOSHCE) remained involved in current and future industrial wind and transmission developments. **We continue to strongly believe that industrial wind energy development and the directly related transmission system additions do not make sense in Gillespie and surrounding counties.** The overall level of activity was at a reduced level due to the lack of industrial wind farm threats and only two major local transmission projects in the immediate area of interest.

While we are not aware of any current wind development activities in the immediate area, we continue to monitor wind farm developments in areas near the Hill Country. In addition to the 149 MW Goldthwaite Wind Farm in Mills County and the 200MW Logan's Gap 1 project in Comanche County that started up in 2014 and 2015, respectively, the following projects started up in 2018: the 160MW Rattlesnake project owned by an affiliate of a Chinese corporation McCullough County, the 148MW Cactus Flats project in Concho County and the 200MW Flat Top project in Comanche and Mills counties. Other projects appear to be under development in these and neighboring counties. Significant news during the year concerned the proposed Vista Mountain Wind Project in Hamilton County. EDF Renewables decided to not pursue development of that project.

On a statewide level, a large amount of industrial wind is under development as developers rush to qualify for the full federal production tax credit (PTC) before it phases down. While there is a significant level of development in other areas, by far most of the new capacity is being installed in West Texas and the Panhandle. ERCOT data indicates that the design capacity of the \$6.9 billion CREZ transmission additions will be significantly exceeded. ERCOT is evaluating plans to expand the transmission system in the Panhandle even further.

Industrial wind developers remain highly reliant on the federal production tax credit (PTC) which is roughly equivalent to the value of the power they produce. Late in 2015, the PTC was extended through 2019. Projects that commenced construction in 2016 will receive 100 % of the PTC. The credit "phases down" to 80%, 60% and 40% for projects commencing construction in 2017, 2018 and 2019, respectively. With liberal IRS rulings, there is significant flexibility in meeting the commence construction requirements and projects have at least four years to be completed. The wind industry's hope that the PTC extension would bridge them to the renewables requirements inherent in the EPA's Clean Power Plan (CPP) is doubtful now that the Trump administration apparently plans to end the CPP.

ERCOT projects that an increasing level of future renewables installations will be solar rather than wind. This increase is due to declining solar costs and a better fit with peak summer day afternoon demand. A number of commercial solar projects are under development. West Texas has by far most of the possible projects. Development of solar in that region, in addition to more wind, could result in additional high voltage transmission through the Hill Country.

For near term transmission developments, we have continued to monitor the annual ERCOT Regional Planning Group (RPG) Regional Transmission Plan and the ERCOT Transmission Project and Information Tracking (TPIT) system. The annual LCRA TSC Business and Capital Plans have also been reviewed. Federal Aviation Administration (FAA) turbine siting data is also monitored.

One of two major local transmission projects is the new LCRA TSC Blumenthal (east of Fredericksburg area) substation and interconnecting 138-kV transmission line from Kendall County. The project was energized in July 2018.

The other local transmission project is the Mountain Home (Kerr County) Substation and Transmission line. New 138-kV transmission lines will connect the new Mountain Home Substation to the existing substations at Hunt (Kerr County) and Harper (Gillespie County). In addition, the existing 69-kV transmission line from Harper to Fredericksburg will be upgraded to 138-kV and a continuous 69-kV circuit will be created east of Fredericksburg. A Certificate of Convenience and Necessity (CCN) amendment from the Public Utility Commission (PUC) will be required. LCRA held an Open House in Mountain Home on June 26, 2018. The project is scheduled to be completed in late 2021. SOSHCE does not oppose the project as it meets local needs. Key developments will be monitored and communicated.

Regarding potential future transmission developments, SOSHCE has participated in a number of the monthly ERCOT Regional Planning Group (RPG) meetings via webex/phone. Of particular interest of the subject matter is the bi-annual ERCOT Long Term System Assessments (LTSA) which looks out 15 years. The final 2018 LTSA will be reviewed. In addition to monitoring the possibilities of any high voltage transmission lines that could impact the Hill Country, we continue to emphasize the need to consider the reliability and back-up costs associated with wind generation.

The status of the United States Fish and Wildlife Service Great Plains Wind Energy Corridor (GPWEC) Habitat Conservation Plan (HCP) continues to be monitored. The plan could provide blanket taking permits to wind developers for a number of endangered species for as long as 45 years. Several Hill Country counties will likely be impacted. SOSHCE submitted comments on the Environmental Impact Statement (EIS) scoping document in October 2011 and will review the draft HCP whose publication continues to be delayed.

Other activities included being represented at the annual University of Texas Law School renewables conference. In addition, SOSHCE representatives are participating in meetings hosted by the Texas Public Policy Foundation, including one scheduled in Fredericksburg on November 12, 2018.

SOSHCE activities and key developments were communicated to members and others at the November 14, 2017 Annual Membership meeting. The 2018 Annual Membership meeting has been scheduled for November 8.

SOSHCE currently has more than 500 members.

Contributions from the membership are greatly appreciated.

We plan to continue to monitor key industrial wind and transmission developments in the coming year and will be prepared to become more actively engaged as appropriate.