

Save Our Scenic Hill Country Environment, Inc.

Annual Report on Operations

November 1, 2019- October 31, 2021

Save Our Scenic Hill Country Environment (SOSHCE) continued to monitor 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 SOSHCE activity continued at a reduced level due to the lack of industrial wind farm threats and only one major local transmission project in the immediate area of interest. Monitoring activities were expanded to include rapidly growing industrial solar and battery storage developments.

While we are not aware of any current wind development activities in the immediate area, wind farm projects in areas near the Hill Country continue to be monitored. Wind farms started up before 2019 include the 141 megawatt (MW) Goldthwaite Wind Farm and the 200MW Flat Top project in Mills County, the 200MW Logan's Gap project in Comanche County, the 160MW Rattlesnake project in McCulloch County, and the 148MW Cactus Flats project in Concho County. Projects subsequently completed include the 180MW Heart of Texas project in McCulloch County in 2020 and the 302MW Priddy wind farm in Mills County and the 492MW Maverick Creek project in Concho County in 2021.

Successful landowner industrial wind development opposition efforts over the past several years include those in Hamilton County, Brown and Coleman counties, Eastland County, and Val Verde County.

On a statewide level, a significant amount of industrial wind is under development as developers continue to qualify for the massive federal production tax credit (PTC). In late 2020, the PTC was extended through 2021. Projects that commenced construction in 2020 and 2021 will receive 1.5 cents/kWh for 10 years. With liberal IRS rulings, there is significant flexibility in meeting the commence construction requirements, and projects have at least four years to be completed.

A 30% federal Investment Tax (ITC) was also established for offshore wind projects that begin construction before the end of 2025. The Texas coast could become one of the areas of potential future interest.

ERCOT projects that there will continue to be an increasing level of industrial solar installations, even more so than wind in at least the near term.

Solar projects can qualify for a 30% federal ITC if construction was commenced before 2020. The ITC amount is 26% and 22% for projects commencing construction in 2020 and 2021, respectively. The projects must be placed in service before 2024. A 10% ITC applies to projects commencing construction after 2021 or placed in service after 2023.

The number of industrial battery storage installations also continues to increase in Texas. The projects can be stand-alone or installed in conjunction with renewable or other generation projects. The 100MW Bat Cave Energy Storage Project located near Mason was recently commissioned. As current batteries only provide very short duration supply and are primarily used to arbitrage short term wholesale power price differences, ERCOT typically does not include the related supply capacity in its peak demand balances.

It is likely that current federal government initiatives will increase the incentives for all renewables even further.

There was limited state legislative activity as the result of Winter Storm Uri. More promising were Governor Abbott instructions to the Public Utilities Commission to streamline incentives and provide transmission for reliable/dispatchable generators and to allocate back-up costs to unreliable sources such as wind and solar. Other legislative activity included not extending the Chapter 313 school district tax abatement program beyond the current 2022 expiration and enacting relatively meaningless solar farm decommissioning requirements.

For near term transmission developments, we continue to monitor the annual ERCOT Regional Planning Group (RPG) Regional Transmission Plan and the Constraints and Needs reports and the monthly Generator Interconnection Studies report. The annual LCRA TSC Business and Capital Plans have also been reviewed.

The one active major 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 existing substations at Hunt (Kerr County) and Harper (Gillespie County). In addition, the existing 69kV transmission line from Fredericksburg to Harper will be upgraded to 138-kV and thereby create a continuous 138kV circuit west of Fredericksburg. The Texas Public Utility Commission has approved the project for completion in 2022 and 2023. SOSHCE did not oppose the project as it meets local needs.

Regarding potential future transmission developments, SOSHCE has participated in a number of the monthly ERCOT Regional Planning Group (RPG) meetings via webex. Of particular interest is the bi-annual ERCOT Long Term System Assessments (LTSA) which looks out 15 years. The final 2020 LTSA was reviewed and the 2022 LTSA is under development

ERCOT data indicates that the design capacity of the \$6.9 billion CREZ transmission additions has been significantly exceeded and that the resulting renewables generation curtailment will continue to increase. ERCOT has studies underway to identify options for increasing transmission capacity from West Texas and the Panhandle to the major demand centers to the east. Preliminary potential transmission line routes bypass Gillespie County and most of the surrounding counties. Non-transmission line capacity system operability constraints have been identified for the increasing levels of renewables.

The United States Fish and Wildlife Service Great Plains Wind Energy Corridor (GPWEC) Habitat Conservation Plan (HCP) that SOSHCE has been tracking continues to be inactive. The plan would have provided blanket taking permits to wind developers for a number of endangered species for as long as 45 years. Several Hill Country counties would likely have been impacted.

Other activities included being represented at the 2020 University of Texas Law School renewables conference.

The 2020 Annual Membership and Directors and Officers meetings were postponed due to COVID-19. SOSHCE activities and key developments will be communicated to members and others at the November 10, 2021 Annual Membership meeting.

We will continue to monitor key renewable energy-related developments in the coming year and will be prepared to become more actively engaged as appropriate.