

**Texas Renewable Energy Industries Association (TREIA) – Forward Against a Stiff Wind
March 7, 2013**

Coordinator: ...standing by. At this time all participants are in a listen-only mode. After the presentation we will conduct a question-and-answer session. To ask a question, please press *1.

Today's conference is being recorded. If you have any objections you may disconnect at this time. And I will turn over the meeting to Mr. (Aaron Gatlin). Sir, you may begin.

(Aaron Gatlin): Thank you. Well, first of all I'd like to welcome everybody to this month's wind division webinar. Make a couple brief announcements here, I'm the Vice Chair of the Wind Division. Karin is unavailable today. She is the Chair.

A couple of announcements I do want to make, be sure to check out the ASES conference this year, April 16 to 20, in Baltimore at the Baltimore Convention Center. There is a special wind day on the 18th so folks that are interested in wind should check that out.

For more information on that conference you can check out the ASES website. There's tons and tons of information there.

We have our meetings, our webinars, every other month, the first Thursday. And then the in between months we have our business meetings. All folks are welcomed to attend those. The next webinar will be May 22, same time as today. And the next business meeting will be April 4. Again, you can find more information about those on the ASES website.

Today's webinar will be recorded and will be uploaded to the Wind Powering America website as well as the ASES grid. Again, you can get more information on that from the ASES website.

So without further adieu I'd like to go ahead and introduce today's speaker. Today's speaker is Russell Smith, he is the co-founder and executive director of TREIA.

His career spans more than three decades working with governmental, educational, non-for-profit boards and state committees promoting the development of solar, wind, biomass, geothermal, hydro resources and is also a founding member and former executive director of the educational not-for-profit Solar Energy Society, a chapter of the American Solar Energy Society.

And folks out there that know the wind industry probably already know Russel so without further adieu, here is Russel Smith.

Russel Smith: Aaron, thank you very much for the opportunity to visit with folks about the Texas Renewable Energy Industry Association. Apparently some folks had some curiosity about how we're doing things here in Texas and they had heard a little bit about the activity and the fact that we have some 12,000 megawatts of wind online so that might have called a few people's attention.

I'm glad to have the chance to visit about that and explore what TREIA which is what we call it is all about how we're structured, how we were formed, and some of the things we're involved in and have been involved in through the years.

Now TREIA was founded in 1984 but it really started with the Texas Solar Energy Society's founding in 1976. And the American Solar Energy Society, of

course, was the parent organization and was very active in spreading chapters around the country at that time.

And the first chapter that actually formed in Texas was the El Paso Solar Energy Association one year before we formed the statewide group.

And after several years of working with the Texas Solar Energy Society it became apparent that we were being watched I believe fairly carefully by the IRS because we were a 501c3, as is ASES.

And yes, we were lobbying but we weren't lobbying in excess. But frankly being a small non-profit with limited resources we might not have had as much recordkeeping as we would liked to have had. And as a result we got real nervous about that decided, you know, perhaps we needed a trade association, which was the 501c6.

And so we founded TREIA in 1984 for that purpose. And to coalesce what existed at that time, what then was primarily the solar energy sector, and to some limited degree a small wind sector.

And at that time also ethanol was coming on board as gasohol so we had quite a few folks from that sector in the initial forming of the organization.

The tax credits at the state level were eliminated for that sector almost immediately thereafter and the biofuels part of it faded away rather quickly, which left the solar water heating industry as the primary focus for the Texas Solar Energy Society. But we always have had an interest in small wind.

And so when we formed TREIA we wanted to make sure that we covered all of the renewable energy sectors. It wasn't even called renewable energy for

the most part back then. It was still referred to as the solar industry and in a lot of the laws of rules it was referred to that way to our benefit down the line, which I'll explain later.

So we had the solar water heating industry as a major group. And we kicked it off and started lobbying for promotion of all of these sectors together. We came to the conclusion that, to paraphrase an old saying, if we don't hang together assuredly we will hang separately.

In the legislature that was certainly the case, we needed all of the resources we could gather together and so we made a vow to one another between the sectors that each would support the other: solar, wind, biomass, geothermal, and hydrokinetic.

And when the opportunity arose to do something for one if it didn't benefit all, that's okay. Their time would come down the line. And that was somewhat unique in the country at that time, and maybe still is. I don't know if there are many organizations structured like this where all of the renewable sectors are together.

We tried to keep it that way for all these years for the reasons I mentioned but there have been attempts and successes at twisting off different sectors into smaller groups.

We maintained participation from all of the sectors. We intervene in regulatory process primarily at the public utility commission. And we do all of the typical things like organizing meetings and forums and conferences, trade shows, and so on. We do have a periodic newsletter called the Renewable Energy Record, which is an electronic newsletter now.

And we also maintain a website, www.TREIA.org, which we hope everyone will take the time at some point to visit. And of course, we have all the social media things that you have to have these days, Twitter and LinkedIn and Facebook and so forth.

On Facebook, Texas Renewables is the name to search to find our Facebook page. And we also have another one called Friends of TREIA.

Our board is a 12-member board, two year staggered terms, six seats elected annually, so there's an overlap. And we have tried through an informal process to always spread the membership on the board amongst the sectors to the extent we are able to.

And when one sector or two or three are dominant during a period of time that's who is dominant on the board. We've also made it a point to always try to have at least one environmental organization. In this case right now we have Sierra Club as our environmental group on the board for this year.

In the past we've had Environmental Defense and Public Citizen as the two that have, I guess, mostly been representing that sector.

As you can see from looking at the current list of board members it does spread between wind, the legal sector, startup business incubator type, municipal utility, and an advocacy group being, of course, the Sierra Club, and a consultant or two, and a power generation company, NRG Energy which many of you are familiar with.

We have a pretty nice mix I think of types of companies participating on the board.

Our staff consists of myself and Scott Kornfeld who is our Operations Manager and webmaster. And we contract on a fairly small basis but effective one with three consultants, Judith Ford who is our finance consultant and handles the books; Debrah Dubay, communications; and Susan Ross, our legislative consultant over lobbyists up at the Capital.

And our policy development process is handled by policy committee currently chaired this year by Clay Butler with the Butler Firm, which is a law firm here in town, whose focus is 100% on renewable energy projects and companies. And he's fairly new at this, this is his second year as policy committee chair and he's done a real good job of getting a handle on it.

He has administration if you will over several subcommittees, once again, representing the breadth of the organization. So we have a biomass electric, biomass fuels, geothermal electric, green building, geo exchange, solar water heating, distributed solar, utility scale solar, distributed wind and utility scale wind represented.

And all members can select up to four of these sub committees to participate in for email blasts and so forth and to be kept up with what's going on.

The way we deal with these committees as we develop policy is that we call upon them for their input, their insight during the inter period between legislative sessions to give us a handle on just what their needs and desires are in relation to legislation and for that matter regulatory issues.

This is fed up the chain to the policy committee chair. The policy committee chair then has the responsibility of coalescing all of this information and helping develop our policy document which is then voted upon by the board

of directors and that sets the direction as we begin to shape our legislative measures for the upcoming session.

The main promulgating and implementing entities here in the State of Texas for the kinds of policies we deal with are of course the legislature and then the public utility commission and the electric reliability council of Texas, which is a quasi governmental entity which is under the public utility commission's preview but at the same time is funded through the private sector utility companies.

And of course we're influenced by the federal government significantly like everyone is with the typical places that you would expect, that you see on your slide.

Currently we have a few policies in place which have been supportive and helpful for our industries through all these years going all the way back to the early to mid 1980s with the first two or three that you see up there, property tax exemption. We've had a property tax exemption in place since the mid 1980s for solar and wind.

And it's only for those properties that are producing electric generation or resources on site for use on site. So it does not apply to utility scale, solar or wind plants.

The franchise tax exemption, which we've also had since the mid 1980s, is really referred to these days as the margins tax. It's been tinkered with in every legislative session since it was formed. And it's the state version of being able to tax business in the state, it is the state business tax.

And when we got passed initially it was referred to as a solar exemption but through the years I argued at the controller's office which administers this that the definition of solar really covered much more than what most people thought solar was.

Again, flashing back to our formation of the Texas Solar Energy Society and the semantics that existed in those days, wind is driven by the sun, biomass is driven by the sun, and so forth. And so they accepted the argument and their interpretation over time that wind was solar and considered part of solar and that stayed in place and continues in place today.

This franchise tax exemption is for companies solely involved in solar, parentheses, wind.

In addition to that there is the franchise tax deduction which allows any entity, any company that puts solar on their property, on their building, to take a deduction from their tax load for the year of 10% based on the amortized value in the system.

Now we have in Texas a deregulated electric utility market and I think that's not something that people are unaware of but they may not be really familiar with how it works and it's very complicated to explain. But the fact of the matter is that Texas has a robust utility structure and it's a standalone system practically from the rest of the country, at least 80% plus or minus of the meters in the State and also of the territory of the State are in this deregulated market.

The explanation of what the deregulated market is is probably too lengthy to get into but I'd be willing to answer questions about it later. It's important to understand how it's structured because all of these laws and rules that we try

to get passed or implement are significantly affected by this level of complexity.

In simple terms, ERCOT, Electric Reliability Council of Texas, is separate from the rest of the country. We do not sell retail across state lines and so therefore we are affected differently than the rest of the country is by federal laws and rules.

So in 1999 when this deregulation occurred there were tradeoffs made to the electric utility industry in order to be able to accomplish what we needed to accomplish, which was to establish our goal for renewable energy. And that was accomplished in the bill in 1999, establishing our first RPS for the state.

And it was structured over the next year-and-a-half to two years implemented by the public utility commission and really kicked into gear almost two years after it was initiated.

And at the time it was 2,000 megawatts of new renewable energy, 880 megawatts were considered to be already in existence at the time. So the law read 2,880 megawatts.

And we've been fairly successful I think over time in accomplishing not only the 2000 but an increase in 1990—I'm sorry, 2005 to 5,000 megawatts, which we exceed fairly quickly there after. And as I mentioned early in the presentation, are in the neighborhood of 12,000 megawatts online.

The RPS was market-based in the sense that it was competitive amongst the renewable energy sources and just as we did in TREIA the law was set up in the same way so that everyone competed with one another to get their share

the best they could of the portfolio standard. And we knew going in that wind would be the primary winner in that case.

And those in the wind industry at that time said we recognize that and we know that nothing's been done really for solar, it's too expensive right now to really get a piece of this, but when the time comes and solar is going after something the wind sector will support that.

And so we moved forward with our RPS and then we had to do something about the fact that we could not deliver all of the energy that we created as a result of our success with the RPS. In far west Texas, we had to build so many wind farms that we had too much power, couldn't move it all, the transmission grid was inadequate to handle it.

And so we passed the Competitive Renewable Energy Zones law which was based on work that TREIA had done several years before in circling areas of the State where the best renewable resources were located.

And these lines that were ultimately decided upon were to go into those areas and that process is underway and some \$6.5 to \$7 billion worth of transmission is now being built reaching out into West Texas and for the first time going beyond the northern edge of ERCOT into the Texas panhandle where actually the best wind is located built the least development has occurred to bring power down from there and from West Texas into the populated or more populated areas of the State where the demand exist.

In this last legislative session in 2011 we were fortunate to be able to pass Property Owners Association bill which allowed us to prevent property owner associations from stopping you from putting solar on your roof for the most part.

There are a couple of loopholes that are being used right now and we'll be seeking to try to figure out how to address those in this legislative session.

Also, in the 2011 legislative session we were very active in and successful in helping pass the third-party ownership law which allows companies to police equipment on a property and sell power to that entity and then sell the excess power onto the grid solving an issue which had reined for some time which was are these entities that are selling power actually utility companies and should they be required to go through the whole process or registering as a utility?

This was determined that, no, in fact they aren't and they won't have to go through that process.

Also, it's important to understand some of the utility structures that exist out there.

The investor-owned utilities, the ones you see listed there, AEP and each of its area of the state, El Paso Electric, Texas New Mexico Power. They have solar incentives and have had for some short number of years and they have ranged in size on an annual basis from under a half million dollars to two or three plus million dollars per year and in a couple of cases going up above that.

So while there are no statewide incentives for renewable energy per se, no cash distributed, there are utility ones.

There are some 70 plus electric cooperatives in the state and only a small number of those offer any kind of rebate, and they're all for solar except for

one as I recall and this is the one I listed here, Guadalupe Valley Electric Cooperative. They have a \$1 per watt of the \$6,000 for small wind generation.

Some of the utilities or cooperatives that have been very involved or helpful in renewables at recent times are the Bandera, Bluebonnet, Guadalupe Valley CoServ, and Pedernales. Pedernales being the largest one and almost the largest electric cooperative in the country.

And then we have a similar number, over 70 municipal utilities in the State. And in fact, they are the most active in renewable energy as far as the utilities go. Austin Energy, CPS, which is San Antonio, Bryan Texas Utility, San Marcos Electric, and a couple of other smaller ones around the State do offer solar rebates.

San Marcos Electric is actually the only one that I'm aware of that offers a wind rebate and once again it's \$1 per watt, in this case up to \$5,000.

The CPS energy has a program which has targeted 20% of renewables on their generation system by 2020. And they've been moving forward in the last year very aggressively having adopted a plan for 400 megawatts of solar by 2025.

And have actually contracted with the company that's going to deliver the power and construct the plants in segments. And the company that is building a plant to manufacture the photovoltaics for these plants has broken ground. So that project is underway with a 40 megawatt solar plant just in the last week.

CPS has contracts for almost 1060 megawatts of wind capacity at this point in time and very well may be buying more capacity in the fairly near term. They are, as I mentioned before—well, actually I didn't. I mentioned the Pedernales

co-op as being the largest co-op, CPS energy is the largest publicly owned purchaser of wind in the United States which is kind of encouraging.

They're in competition with those of us here in Austin with the Austin Energy municipality utility, which nationwide has been recognized a major leader in renewables. But they're struggling to keep up sometimes on some of the fronts with CPS energy these days. We like to have that kind of battle, it helps us all I think.

Austin Energy's plan is for 30% renewables by 2020. And they are targeting 400 megawatts of solar by 2020 as well but they have not contracted with nor moved forward with any significant plan to actually make that happen in any official manner. So there's some miles to go before that really kicks in.

And they currently have contracts with six wind farms for a total of 634 megawatts of wind generation. And I am certain based on visits with some of their folks there that they will be purchasing some more wind in the not too distant future as well.

And then in addition to those types of utilities that we have scattered throughout the State we also have, because of the electric deregulation market, retail electric providers inside of ERCOT who only sell electricity retail and the programs that benefit renewal but not very many them really when you look at the number of retail electric providers that exist out there.

I think there's between 30 and 40 of them. And Green Mountain Energy is prominent for offering 100% renewables to retail users.

But there are also several others that offer varying percentages and different plans that you can select anywhere from 10% on up of renewables so they're

buying a fair amount of renewable energy and a significant portion of it comes from wind.

And then we have the cities that are not municipals utilities but are in the competitive areas of the State inside of ERCOT such as the City of Dallas and Houston. These cities are purchasing wind energy especially to offset the actual city government's energy expenses or electric rate expenses. And some of them are quite aggressive.

So there are a number of places where renewable energy is being benefited with either incentives or policies and so forth that are not state level or statewide but they're growing consistently and it really does provide some momentum for the industry.

A lot of people ask about net metering in the state. We were one of the first states to have net metering back in the early 1980s during the period of time when the whole state was regulated by the public utility commission with the exception of municipal utilities. Co-ops and all the investor-owned that had their territories throughout the state were required to have a net metering arrangement.

And it was basically triggered by the federal government's laws having to do with only having to provide avoided cost of the excess power and it did provide for the single meter that runs forwards and backwards.

As most of us know, those meters are soon to be long gone with the electronic meter era coming in and it's become more complex to deal with that when you don't have a meter that just automatically rolls kilowatt hours off.

When deregulation occurred the electric cooperatives got out from under the rule of the public utility commission and therefore indicated they no longer had to do net metering and in fact most people believe that's the case.

A lot of the small wind folks across the state are stymied constantly by this fact but the reality is that if a customer does put in a wind generator and declares themselves a QF under federal regulations the co-op will have to provide the net metering option for them and provide them at least with what it costs for excess power. But it's just not widely known and hard to get the word out.

Inside the ERCOT territory, in the deregulated areas, three sessions ago we passed what was called a net metering law. And in the negotiations with the utilities and others around the table we argued through TREIA over and over again that it should not be called a net metering law because in fact it was not net metering.

It really should have been called a distributed renewable generation interconnection and compensation law. The assembly set up a structure if you will that said that if excess power is produced by an owner of a renewable energy distributed generation system it may be purchased by utilities inside of ERCOT at whatever price the two parties can accept or agree upon.

And of course there's more detailed information about the interconnection process and so forth in there as well. So it was a facilitating law not any kind of a mandate setting up net metering.

The retail electric providers can offer net metering if they choose to do so and there are some complexities related to demand structures that exist at the electric reliability council of Texas that could endure to the benefit perhaps of

solar having to do with a demand curves that could turn out to be better than net metering in buyback rates eventually for excess power from solar installations because of its production on peak. This is not the case for small scale wind or at least for the most part not.

I said earlier, the 12,656 megawatts of wind capacity interconnected in the state and since we have seen the extension of production tax credit there were a number of projects that were far enough along that once that was finally determined we're able to jump on it and get busy enough to be able to get through this year and get their projects under way and continue to take advantage of it.

Other projects had stood on the sidelines and not developed far enough and are still probably waiting it out. I can't tell you exactly how many megawatts are in that situation but ERCOT lists 2,600 megawatts of wind projects that currently have interconnect agreements and they say they're almost 15,000 megawatts that are what they call under full study.

You may have seen in the news that ERCOT reported a new wind power record just almost a month ago on February 9 of 9,481 megawatts being generated, which was nearly 28% of the system load at that time.

That's a significant amount of a load and well above what opponents of doing wind in the State in the first place had indicated would ever be able to be done or handled on the ERCOT system.

And I have to say that ERCOT has done a significantly detailed job of figuring out how to accommodate. They have really gotten down into the minutia of this and made some adjustments, not just in how they thought about things but also in creating software—real breakthroughs in software—to

handle the complexity of this system and the intermittent nature of wind coming from not just West Texas now but significant development in south Texas and some scattering in north and northwest Texas as well, plus soon some from the panhandle.

And we know that the CREZ lines, once completed, should be able to accommodate at least double the current wind capacity. You see conflicting statements in the media as to just how much it could accommodate, everything from double what we have now additionally.

In other words, an additional 24,000 megawatts to simply doubling the existing megawatts, which I think is probably closer to the accurate estimation of what it can handle.

So the CREZ lines are proceeding. And even without them coming online wind provided 32,564,636 megawatt hours of electricity to the grid in 2012, which was 9.2% of the total energy used that year. Again, significantly higher than what was ever predicted by opponent.

And also higher than the value that in analysis of the demand shortages that we may be seeing and have seen in the past could be delivered by wind. And that bodes well for future analysis where we may see an increase in their calculations at ERCOT as to how much they could attribute to wind as dependable power.

So our legislative policy situation in 2013 has evolved from all of that background and our development process for our policies—I mentioned partially earlier on through this policy committee series of meetings, feeding up through the committee chair, developing a draft legislative policy objectives document.

Our board of directors reviews it as we get closer and closer to the legislative session and eventually approves a set up objectives which we then circulate to not only our industry people but also to a minimum key people at the legislature.

And quite frequently we just spread it out throughout and hope that we'll get people that we might not have expected to pick up on some of these objectives and be interested in following a bill.

Our legislature does meet every other year so we have about a year-and-a-half between sessions to address what was passed to try to help move it along through the regulatory process and to start looking at what we do on the next session ahead. And our sessions do fall on the odd numbered year.

So once we got our document in place and circulated then the board appoints a legislative team, sort of a fast action team, where four or five people from the board plus our lobbyists and myself and a couple of other key people who are savvy in the legislature to react as we progress through the session when it just takes too long to call upon the board to make certain decisions.

Some of the factors that shaped our legislative objectives document this year were obviously the politics, that's always the case, and we do look at it as politics being the art of the possible. We try not to launch into things which are just known to be inevitably trashed and not making it anywhere in the system at all or are totally disfavored.

However, we do push the edges every once in a while just to aggravate I guess and also to test the waters when we think it is something that could catch a hold.

Our legislative objectives document has become increasingly general over the last several sessions because one of the things we've found is that we were getting down into a high level of detail in these documents as to what we wanted and how it should be shaped.

And when there was increasing interest over—I guess excepting last legislative, the two sessions before, we found that a lot of legislators saw enough meat on the bones there that they could just kind of take that and create a piece of legislation from it as a starting point.

And we ended up having too many versions from too many legislators almost to handle. We'd have six, seven, or more bills filed on the same topic with different language and so on, which made it very difficult to try to coalesce all of that into something that could actually move forward effectively in the legislative process.

So we've been a little bit more overarching lately and then we try to fine tune by visits.

Another thing that we had to watch as we developed these policies is that in today's climate the command and control approach and programs that require state monies and so forth are definitely out of favor. We've been told for the last three sessions in a row anything with a fiscal note is DOA.

And so we've tried to avoid those but there's still a couple of areas that we work on that really do require a certain amount of state funding and we just have to ask and see how far we can go.

And everybody knows resources have been limited in pretty much every state. But we've been fortunate in Texas and this year in this legislative session we're going into it with a surplus and that's going to be gobbled up fairly quickly by a couple of major areas and neither of those major areas are renewable energy.

We know that TREIA has to be strategic in its policy choices. We have to pick our battles carefully. We have limited resources, limited time and so forth. It's hard to do when there's so much that needs to be done but we do have to focus on certain major bills.

Not all of our policy initiatives are therefore best to be pursued, legislatively we have to keep our eye on the regulatory process and tweak there when we can. And a major prevailing issue that is shaping the future of electric generation and distribution in this state is resource adequacy.

We've come very close to burnouts and blackouts over the last two or three years and we think renewables have a significant role to play in helping solve those problems. Unfortunately the commissioners at the public utility commission don't seem to agree and have not gone out of their way to be supportive of trying to bring more renewables online for that purpose.

We continue to argue wherever we can and whatever venues we can how renewables can step up and help and in much shorter timeframe than most of the other resources can. And this is looming right on top of us.

Our guiding policy principles introduce our policy statement and you can just take a quick look at what those are. We want a sustainable stable long-term market opportunity that rewards performance and eliminates barriers to markets.

We use, and have to use, the market's approach as much as we can because that's the general direction of the politics in the state. And we want fair compensation. We have a good economy comparatively speaking in the state and we want to take advantage of that. And we want people to understand the value that renewable energy brings to the state.

Our objectives ended up this way. We want long term contracting between generators and customers. We're not sure how we're going to get that out of this legislative session. It may appear in a couple bills that are yet to be filed but it's not anything you can just easily accomplish, I'm afraid.

Assurance of resource diversity in the electric market, defense of our state's goal for renewable energy and the CREZ laws, and that's our buzzword for this session is defending ourselves. We have a lot to defend and a lot of people coming against it we think.

We want the system interconnection rules and we're in pretty good shape there but there's some tweaking that could be done.

We have to defend and refine Chapter 313, which I'll talk about more later, defense of our existing property tax and franchise tax breaks, revisions to the PACE law which we passed two sessions ago, defense of and refinement to our Homeowner's Association Law, improvements to the Texas Emissions Reduction program to encourage renewables.

That program... We have a bill which we expect to be filed today or tomorrow that addresses that. And then defense of our standards for State and university buildings.

I'll just quickly go past the fact that our last session, we did pass a number of good bills but they were fairly small. Our biggest bill is the statewide incentive bill and portfolio standard expansion for non-wind did not make it very far. It made it much further in 2009.

Our third party ownership bill we did pass, HOA and net metering required only in El Paso we passed. And we were involved in the great deal of activity throughout the interim as you can see from a quick look at this, all sorts of things we were involved in, a lot of time and effort put into the public utility commission and interim committee hearings.

This is what our legislature looks like right now. We did see a shift somewhat on the House side, which eliminated the advantage that was there for the Republican side. And eliminated the super majority.

And on the Senate side, the balance was unchanged. And there's who our leaders are, many of you know who they are already anyway.

As we approach the legislature we understand the conservative ideological wind is blowing. We're interested in how things are shaping up over there however because there's been the institution informally of what's called Purple Thursday, the idea of blending the red and the blue.

And it's catching on and we're hearing behind the scenes a lot of positive talk about the some 40 plus new legislators, many of them if not all of them, driven primarily by the conservative right and the tea party, are looking at this as more openly than people thought they might and that's really encouraging.

As I said, we do have the budget surplus, that's going to help a little bit, but the priorities for the legislature have been indicated to be education primarily and water, not particularly energy.

So energy however plays into the water issue very strongly and we're looking to have some legislation that will address the combination of water and energy, how they impact each other and how renewables can help on that front.

Tomorrow is the last day for filing bills on the House side and that's where most of the bills will be filed. The Senate side is kind of open but there won't be that many more Senate bills filed either.

So we'll know a lot more after tomorrow how many of these things we've been pushing for or that we're involved in actually make it under the wire.

Right now we've selected a number of bills the board has voted on, 21 to monitor, 12 that we are officially going to support and three that we're opposing. There are many more bills that are filed right now and tomorrow that we'll have to go through and make these same decisions on. And here's a list of the bills that we are currently supporting that I've pulled out of the ones that I thought were most important.

The RPS program, which would expand 1,500 megawatts, is House Bill 723. There's another one which is just a percentage basis but House Bill 723 also allows for small scale wind under 150 KW to be included. And that's a bill that we've been behind for the last two sessions, hope to get some momentum on.

There's a desalination research bill which we think is a good one and the property assessed clean energy bill could offer some opportunities for commercial and industrial scale opportunities for renewables. And we think we've got a bill that can do that. So we're going to be behind that.

And then we're opposing these three right now and probably more to come, 538 on the House side repeals the tax breaks that we currently have, the ones that I've mentioned before.

The wind plant siting bill which is back again to try to make it more difficult—particularly around military bases and so forth. And then House Bill 2026 which totally repeals the existing RPS and competitive renewable energy zones bill.

That's my presentation and here's our contact information and I'm now opened for questions.

Coordinator: Thank you. If you would like to ask a question please press star, then 1. Please unmute your phone and record your name. Your name is required to introduce the question. Once again, if you have a question or comment please press star, then 1.

There are no questions at this time. I'm sorry, we just had a question come up, one moment please. Is it (Trudy)? Your line is opened, sorry.

(Trudy): Russel, this is (Trudy). Thank you for giving us your presentation during the middle of your active legislative session. And second off, I'd like to hear a little bit more about new house bill you're advocating for small wind? And I'm sorry, I don't have the live meeting slides in front of me.

Russel Smith: Okay, you're a little distorted and I'm having a hard time but you're asking about the portfolio standard bill that has small wind in it?

(Trudy): Right.

Russel Smith: Yes, did you see the bill number?

(Trudy): Did you say 1173, did I hear that right?

Russel Smith: Let me go back to that. No, it's 723, House Bill 723 by Representative Anchia.

(Trudy): And what specifically is it asking for on behalf of small winds? Let's start there.

Russel Smith: Well, it allows small wind to participate. It is a market-based approach as the original RPS was. All it does is it says that I have a Tier 2 in the existing RPS and that Tier 2 is open to all of the renewable sources other than wind and small scale wind of 150 KW and below.

So it basically is for everything other than utility scale wind because the last goal for renewable energy was 5,000 megawatts, which was mandatory and we've doubled that already and exceeded it.

And the wind industry on the utility scale does not desire or seek any expansion on that. We want to keep the RPS going for every one else and try to get small wind in a position where it can continue to try to compete.

(Trudy): Well, I'm wondering if this is the time to go have some conversation with (Mike Bergy) in the Distributing Wind Energy Association or maybe they're already engaged, I'm not sure.

Russel Smith: Well, certainly we will want to do that. We have a distributed wind sub committee of TREIA and (Michael Bergy) is chair of that sub committee.

(Trudy): Very good.

Russel Smith: Right, so he will be advised of this along with everyone else once the board has officially voted to support all the specific bills that are coming up. As I state tomorrow being the last filing day and there are hundreds of bills being filed as we speak.

We've got a lot of bills to go through in a short period of time and next week I hope to be able to bring those to the board for a vote. Then we can really pull the stops on starting to focus on these individual bills.

The session is only 140 days as you know and we're well into, it started in January and ends up in the end of May.

(Trudy): Yes, very fast.

Russel Smith: Yes. So we've got an awful lot going on. We just finished three days of our Texas Energy Independence Week that TREIA declares at this time around our March 2 Texas Independence day and we had events at the Capital pushing these very bills, legislative visitation on two days and several forums and legislation reception and so forth.

So we're already active of course but we're going to increase that in the weeks ahead.

(Trudy): Well, my other thing was just a comment, Russel, on that is thank you very much for having the time today on this webinar when you're in the middle of a legislative session because I know that is challenging for anybody but particularly in Texas where it's so compressed.

Russel Smith: I'm glad to do it. I appreciate the fact that somebody keeps an eye on small wind. They often feel neglected in this state but the fact of the matter is there's a fair amount of activity out there and there's a lot of interest and support for small wind in the rural areas, particularly in West Texas and the panhandle.

And even with the limited resources and laws and everything that we have in place the circumstances are not unattainable for small wind if companies want to get out there and get after it. People are willing to jump into and if we can refine that or improve that we will.

We've asked the small wind sector many times what we could do to improve things at the legislature and we seldom get any real response. People just can't seem to figure out exactly what it is that needs to be done that could be accomplished. So we're always open to suggestion.

(Trudy): Yes, well, I know, Russel. I've been in some of those conversations with you and I appreciate you keeping the dialog opened. One curiosity I have is how did the 150 kilowatt limit come about?

Russel Smith: I'm sorry, you're going to have to repeat that.

(Trudy): I'm sorry, Russel. Just curious how did the 150 kilowatt limit come about?

Russel Smith: That was through lots of discussion within our organization about just how large our small scale wind bill should be and that's what was determined as being small scale because it appealed to farm and ranch size and we thought that we would be sufficient to get some support behind it.

(Trudy): Well, you know, start wherever you can but years ago (Nolan Clark) who is in the panhandle and led the USDA Agricultural Research Station was thinking that machines up to 250 are the perfect size from an irrigation perspective. So I just throw that out, I'm sure you already know that.

Russel Smith: Yes, well, it's one of those things where whoever engages in the discussion who can add this information gets listened to. And when you don't have participation broadly by a sector you have one or two people weighing in. you know, it's left up to everybody else to try to figure out what works for them.

And we probably need more involvement. It's a hard sector, I know that, but I'd like to see much more of it because there's a huge, huge potential in the state for small wind.

And I have to say another thing and you know this is true, small wind has a hard time from a reputation standpoint, especially in Texas. There have been some not so good things happen with small wind in the state that got a lot of publicity. And that's just unfortunate.

We're so glad that we now have a testing and certification process underway and that the alternative energy institution at West Texas A&M is one of our testing centers, our long time stalwarts in that sector of the industry, 30 plus years.

And gradually I think we can build the credibility and the reputation of the sector but it's going to take a while and it's going to take some focused effort.

(Trudy): Yes, well, Russel, I totally agree with you. I mean West Texas A&M and USDA Agriculture Research Station have been fonts of really good small wind knowledge for decades.

And so yes, stabilizing the market was a win-win from everyone's perspective from Department of Energy to State energy offices to consumers and a whole host of stakeholders. And it really is beginning to help stabilize not just the U.S. market but the world market so that's been a lot of fun.

Well, I probably hogged your question time and I apologize to others who are queuing up to ask questions. I'll be quiet.

Russel Smith: I appreciate it.

(Trudy): Thank you, Russel.

Coordinator: The next question is from (Andrew Hickcock). Your line is opened.

(Andrew Hickcock): Hi, Russel. This is (Andrew Hickcock) with Pike Energy. We're a startup small wind manufacturer here. My question for you is I've learned a little bit about the West Texas panhandle market and I understand there's an organization up there called the Four Winds - Class Four Winds.

I know (Ken Starcher) at West Texas A&M is involved in that group. And they're pushing to get the dozen or so cooperatives in that part of the State to come on board with some form of net metering. I'm wondering if TREIA is supporting or active in that effort and where you see that going.

Russel Smith: Well, I'm glad they're doing that. Class Four Winds has not been interactive. You've got to understand - where are you located?

(Andrew Hickcock): We're based in Portland, Maine.

Russel Smith: Okay, you have to understand that in Texas the size of the state does make a difference. People in that part of the state feel like they're a nation away or part of a nation on the far edge.

And so there are organizations in these areas, El Paso, up in the panhandle, far West Texas, who feel isolated, always have, and they operate the same way. They see things as local. They treat it as local. And that's fine, we encourage that. I think they could engage more and maybe we could be of some assistance and we're certainly opened to that but the truth of the matter is we're not really interactive that much with them.

(Andrew Hickcock): Okay, great.

Coordinator: No further questions at this time.

Russel Smith: Okay, is anybody left? If you are, thank you very much, if you're not, goodbye. Anybody, Aaron?

(Aaron Gatlin): We're going to go ahead and have the next webinar on May 22, same time. Next business meeting for the wind division basis will be April 4. Again, check out the ASES conference in Baltimore, Maryland. You can get full information on that conference at the ASES website.

And make sure if you do go to the conference, the 18 is actually Wind Day so there will be a special event for wind on the 18 at the ASES conference.

Again, we'd like to thank Russel and everybody who attended and participated. Thank you so much and all have a great day.

Russel Smith: Thank you.