

Semantics — It's All About Words



MESSAGE FROM
GENERAL MANAGER AND CEO JERRY D. WILLIAMS

LAST MONTH THIS COLUMN DISCUSSED THE electric grid in Texas and the entity that supervises the grid- ERCOT (Electric Reliability Council Of Texas). We continue that discussion this month. Starting in 2002 all electric generators began selling all their power to ERCOT and all the retail electric providers purchase their wholesale power from ERCOT. The days of a power company generating and selling their own electricity in Texas is over.

As you may have guessed, anytime a market for a product is created, a third party such as brokers/forecasters/investors will get in the middle and sell their services to make money. Of course, in order for the electric market to work in Texas; someone has to forecast how much electricity Lamar Electric members (and everyone else) will use one day ahead, for every day of the year. Breaking this forecast down by the hour and substation makes it even more difficult. This is why we have a whole group of Qualified Scheduling Entities (QSE) in Texas that specialize in forecasting electric load based on weather and historical trends. They help match up projected load to available generation and this is a very complex task.

For a fee, these QSE's will provide the load forecast for us and even verify the complex formulas used to pay ERCOT for all the electricity we get from the grid. Many of these companies are very good at predicting how the weather affects our future electric load, and use this information to act as an electricity broker. Acting as a broker, based on their projections and appetite for risk, they will offer us a set price for electricity Lamar will need during the next year or so. If we accept their offer; they pay ERCOT the market price for our wholesale power each day and we pay the QSE the rate that was agreed upon ahead of time. In simplified terms this is how a Retail Electric Provider (REP) can purchase a block of electricity to be delivered over the next 12-24 months, paying the QSE a set rate and market the power to customers in the de-regulated areas for a set retail price. There are about 138 companies doing this in Texas.

The actual electric market price for electricity varies every 15 minutes of every hour of every day. During the hot summer days when the demand for electricity is reaching a peak, it takes almost every generator in the state to provide enough power. This means on peak days, there has to be some power plants running that are not as efficient and power generators prepared to increase output should the wind decrease or a bunch of clouds pass over. All of these factors can result in some very severe price spikes in the ERCOT market rate for power on any given day. Most days, the ordinary hourly prices for power will vary from around two cents per kWh to four cents or so. On peak days the price has gone as high as \$5 per kWh. A 1,000 kWh's (average monthly residential usage) priced at \$5 per kWh, equates to a \$5,000 electric bill for the month. Of course peak prices don't stay all day or all month, but this example should help you understand why most utilities (including Lamar Electric) will purchase wholesale power ahead of time, in blocks of a year or more from a broker/QSE, rather than ride the hourly market rate roller coaster. At this point Lamar Electric has already purchased all of our power needs for the year 2019.

The ERCOT electric market is for electric energy delivered to the grid by the generators. None of these prices include the cost to move the power through the high voltage transmission lines or the cost to maintain the poles, wires, transformers and meters to distribute the power to your home. These are called T&D expenses, which stand for Transmission and Distribution expenses.

None of this electricity could be moved from the generators to the local utility substations unless there were high voltage transmission lines between. In Texas all the transmission line owners are compensated for owning and maintaining the transmission grid based on how much electricity each load serving entity is using during the peak summer hours. Transmission expense is socialized across the state of Texas and ultimately every bill paying customer gets to pay a

part of the expense. The Public Utility Commission (PUC) approves a set rate to compensate the owner of the transmission line and that rate is applied to every load serving entity in the state. Over the past few years, billions of dollars have been invested to build transmission lines to the West Texas area to bring a lot of wind power to other parts of the state. The good news is the massive amount of wind power has driven down the market price for electricity. The bad news is everyone's retail electric bill in Texas includes around one and a half cents per kWh just for transmission expenses and about half of that is for those West Texas transmission lines.

All the power generated for the ERCOT electric grid last year came from: (1). Natural Gas Generators- 38.8% (2). Coal Powered Generators 32.2% (3). Wind Powered Generators 17.4% (4). Nuclear Powered Generators 10.8% and (5) Other (Hydro, Solar etc.) 0.8%. Of course every electron is the same, regardless of how it was generated. Where the power comes from and understanding that all power generated for the grid is sold to ERCOT is the basis for understanding that technically no utility in ERCOT is getting 100% wind power. Theoretically it could be said that on average, every Lamar Electric member received 17.4% of their power needs last year from wind turbines.

You will hear some Municipal owned electric utilities have expressed a desire to use only renewable (Primarily Wind and Solar) power. The City of Denton and Georgetown have been in the news lately on this subject. Some REP's (Electric marketing companies) will offer to sell all Green Power (Wind/Solar). This concept has confused many. How can two houses be connected to the same electric line and one person say all their power is Green? How can a City be connected to the ERCOT grid; purchase all their power needs from the ERCOT grid (excluding rooftop solar panels on people's houses) and advertise they are 100% renewable? The answer is Semantics.

For clarification we should not confuse Local Generation (also called Distributed Generation) with the very high voltage grid. It is possible for a home owner to install solar panels on the roof or a wind turbine in the front yard and generate part of their own power needs. That is truly renewable power being delivered to the home. But, that is not really what the cities are talking about. It is also possible for a utility to install some solar panels on the load side of a substation and generate a portion of the power used at that substation. Lamar is looking at doing this in the future and leasing the solar panels to interested members (more on this later). Basically, Distributed Generation of electricity reduces the electric load on the ERCOT grid, but is not calculated in the total electric generation in Texas. Planners are still trying to get a handle on how much of this exist.

Here is how a city can market they are 100% renewable. Owners of solar or wind farms will sell Power Purchase Agreements which includes Renewable Energy Credits (REC) for all or a portion of their projected production to a load serving utility like Lamar Electric, or a Municipal Utility. These agreements are used in the calculations of who pays who. All the solar power is still sold to ERCOT and the solar farm owner is paid the ERCOT market rate for the power. Lamar Electric or the Municipal still gets all their power from the ERCOT grid. The solar farm owner pays ERCOT the market rate for the quantity of power contracted to Lamar by the farm and bills Lamar the contracted rate for the power. The Renewable Energy Credits is simply a piece of paper that says a certain amount of electric energy was produced by a renewable energy source such as solar or wind.

Unless Lamar Electric actually buys these pieces of paper, we are not allowed to advertise or sell electric power and call it Renewable. At this point we have not purchased any of these certificates but we do get all our power from the ERCOT grid and last year over 18% of the power on this grid came from Wind, Solar and Hydro.



1485 N. Main St. • P.O. Box 580
Paris, TX 75461

GENERAL MANAGER AND CEO

Jerry D. Williams

BOARD OF DIRECTORS

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Blossom

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Pattonville

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Member Benefits

- Level billing
- Automated meter reading
- Free bank draft service
- E-Bill
- Visa and Mastercard accepted

Your Local Pages

This section of *Texas Co-op Power* is produced by LEC each month to provide you with information about current events, safety, special programs and other activities of the cooperative. If you have any comments or suggestions, please contact the local office.

CONTACT US

CALL US

(903) 784-4303 local or
1-800-782-9010 toll-free

FIND US ON THE WEB

www.lamarelectric.coop



Lamar Electric To Award \$6,000 in Scholarships

LAMAR ELECTRIC WILL AWARD SIX \$1,000 ACADEMIC SCHOLARSHIPS TO STUDENTS who plan to pursue an academic degree or certification from an accredited university, college, junior college, technical school or other postsecondary educational institution. Scholarship payment will be made directly to the college, university or school in one lump sum. Scholarships must be used within two years of the award date. Funds may be used for tuition, books, and room and board.

ELIGIBILITY REQUIREMENTS

To be considered for a Lamar Electric scholarship, students must:

- ▶ Live full time in a residence served by Lamar Electric.
- ▶ Be a graduating senior attending a high school or an accredited home extended studies program within the counties served by Lamar Electric.

Six scholarships will be awarded April 27 at the Lamar Electric annual meeting in a random drawing of qualified students. The winners need not be present.

The entry deadline is April 12. The application can be found on our website, lamar.electric.coop. Once the application is completed, simply click on the Email button and send to scholarship@lamarelectric.coop.

OR FILL OUT THE APPLICATION BELOW AND MAIL TO:

Lamar Electric Cooperative

Attn: Katie Morris

P.O. Box 580

Paris, TX 75461

LAMAR ELECTRIC COOPERATIVE 2019 SCHOLARSHIP APPLICATION

DEADLINE: APRIL 12

NAME _____

ADDRESS _____

NAME OF HIGH SCHOOL _____

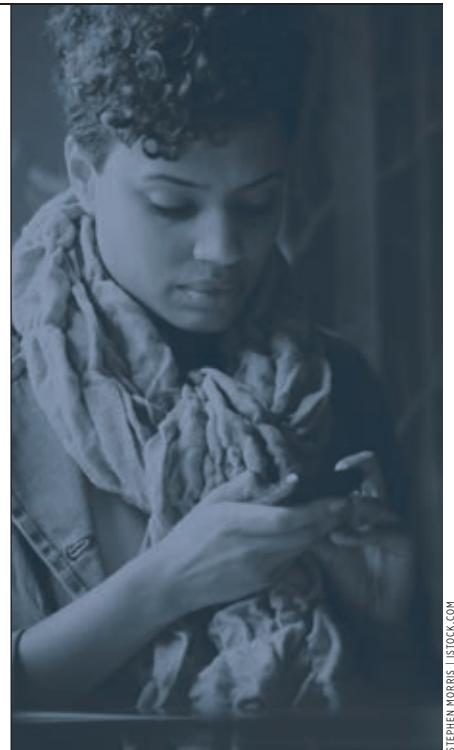
PARENT(S)/GUARDIAN(S) NAME(S) _____

LAMAR ELECTRIC ACCOUNT NO. _____

PHONE NUMBER _____

Applicants hereby acknowledge that the application essay becomes the property of Lamar Electric and may be published.

SIGNATURE _____ DATE _____



STEPHEN MORRIS | ISTOCK.COM

When the Lights Go Out, We Go to Work

THE SNOW, ICE AND BLUSTERY WINDS OF this season combine to make winter one of the busiest and most treacherous times of year for your electric cooperative.

The weight of ice-laden lines can snap poles. And the mighty winds of a blue norther can tax even the best-maintained systems, downing poles and lines.

Getting the lights back on quickly—and safely—is our No. 1 goal.

If your lights go out, check your fuses and breakers first. If no solution is found there, call the co-op to let us know. Our crews will be on the line straightaway to find and repair the problem.

Don't forget to stay well clear if the problem is a downed line. Even though the line may appear dead, it is still extremely dangerous. Never touch or try to move a downed power line. Call the co-op immediately, and our crews will handle the situation safely and as quickly as possible.

If your lights do go out, you can rest assured that your cooperative lineworkers—well-trained and ready—will respond without delay.

SAVE THE DATE!

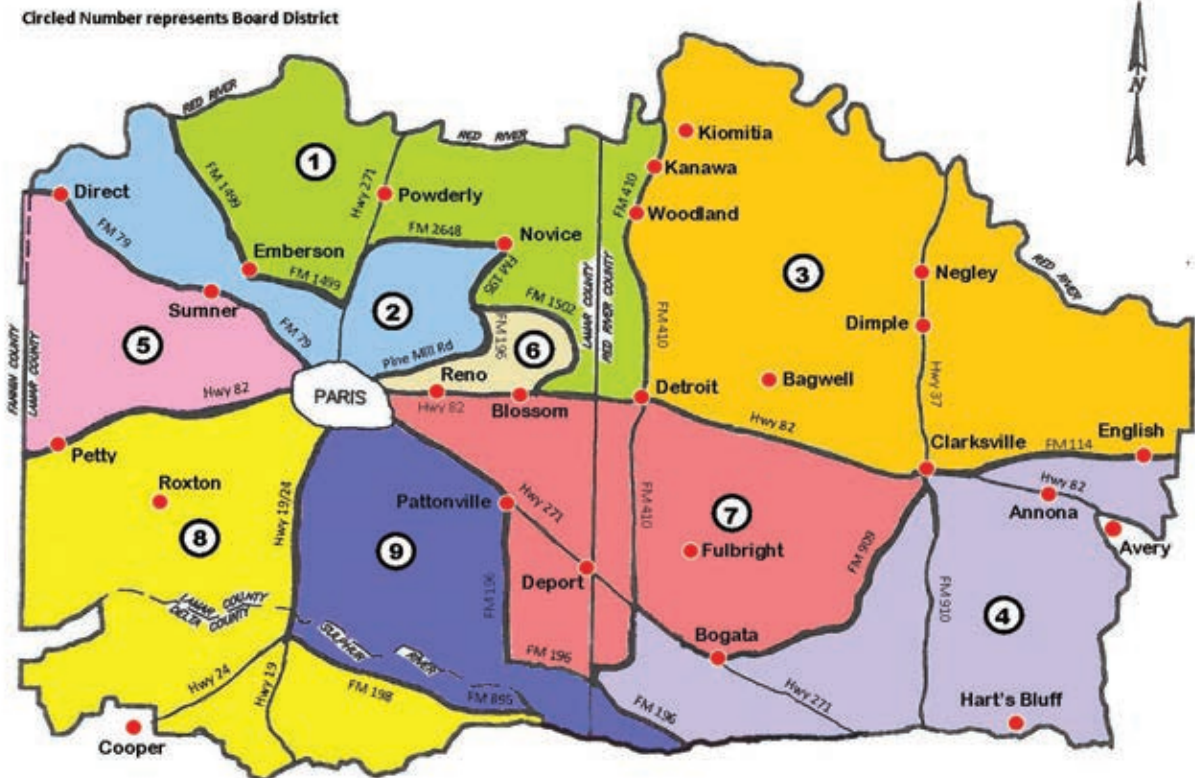
Annual Meeting Set for April 27

THREE POSITIONS ON THE BOARD OF DIRECTORS ARE UP FOR election each year at the Lamar Electric annual meeting. This year, districts 2, 3 and 4 will vote at the meeting. Any member residing in those districts who wishes to be a candidate for one of the three available board positions must appear in person at the main office of the cooperative to fill out a nomination form no later than February 26, as outlined in the co-op's bylaws.

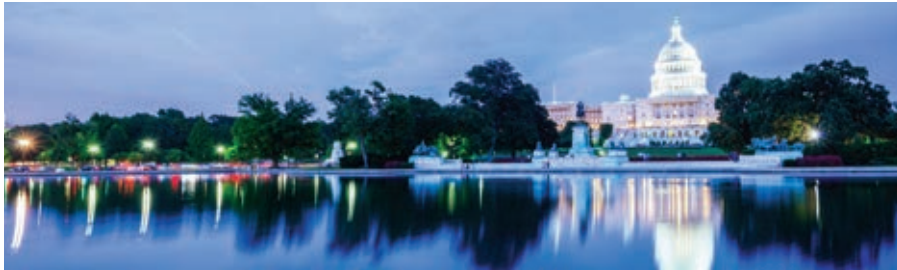
If you are unsure of which district you live in, please refer

to the district map below. Lamar Electric will hold its annual meeting at 10 a.m. Saturday, April 27, at Paris Junior High School, 2400 Jefferson Road in Paris. If you have any questions, call Katie Morris at (903) 783-4949.

Qualifications for board members are specified in the Lamar Electric bylaws. The qualification portion of the bylaws was published last month in this magazine. A copy of the bylaws is available at the Lamar Electric office and on our website, lamarelectric.coop.



Time Is Running Out To Apply for Youth Tour



USCHOOLS | ISTOCK.COM

EACH YEAR, LAMAR ELECTRIC COOPERATIVE SELECTS TWO AREA HIGH SCHOOL STUDENTS to attend an all-expenses-paid tour of Washington, D.C., that includes visits to the U.S. Capitol and meetings with members of Congress.

Eligible students must be in 10th, 11th or 12th grade and live full time in a residence served by Lamar Electric or attend one of the four high schools served by the co-op: Prairiland, Roxton, Detroit and Faith Christian. Home-schooled students served by Lamar Electric are also eligible.

Applications must include a three-page typed essay. The essay prompt is: Tell us about circumstances where you have demonstrated your leadership skills. The essay must be submitted to Lamar Electric no later than 5 p.m. February 8.

The application is available online at lamarelectric.coop. Submit by email to detrip@lamarelectric.coop or in person at 1485 N. Main St. in Paris. It's that easy! To learn more about the Government-in-Action Youth Tour, visit lamarelectric.coop and look for Government-in-Action Youth Tour 2019 after clicking on the Youth Programs tab.

LAMAR ELECTRIC COOPERATIVE 2019 YOUTH TOUR APPLICATION

DEADLINE: FEBRUARY 8

NAME _____

PHONE NUMBER _____

EMAIL ADDRESS _____

PARENT(S)/GUARDIAN(S) NAME(S) _____

ADDRESS _____

NAME OF HIGH SCHOOL _____

LAMAR ELECTRIC ACCOUNT NO. _____

Applicants hereby acknowledge that the application essay becomes the property of Lamar Electric and may be published.

SIGNATURE _____ DATE _____



KYOSHINO | ISTOCK.COM

Happy Valentine's Day
February 14



SALVADORCELIS | ISTOCK.COM

Happy Presidents Day
February 18

Invest a Little, Save a Lot

SAVING ENERGY AT HOME CAN BE SIMPLE AND FREE: TURN OFF THE LIGHTS AND TV WHEN you're not using them and lower the thermostat at night. But for a bigger impact on your electric bill, make a little bit more of an effort and invest a few bucks in energy-saving equipment.

Here's What To Buy

Whether your budget is large, small or somewhere in between, there are options.

LEDs. Next time a lightbulb burns out, replace it with an LED. They last for years and use their energy to produce only light, not heat. LED bulbs can screw right into the lamps and fixtures you already have. But when it's time to replace those fixtures, consider buying LED fixtures for even greater savings.

High-quality power strips. Plug your electronic equipment into power strips. Before you go to bed at night, switch off those strips. If energy-intensive appliances like computers, printers and game consoles are left plugged in after you turn them off, they still use energy—constantly. The only way to stop wasting that energy is to switch off the power.

New windows. If your old ones are single-paned, you might as well leave them open all winter. They're no match for the cold air, which easily seeps through. If replacing your windows is too big an expense for now, at least plug the leaks around your windows and doors with weatherstripping or caulk.

Window shades. Uncovered windows are great for views but terrible for your energy bill. Your heating bill will be lower in the winter and your air conditioning costs will drop in the summer if you use blinds, curtains or awnings on windows. Uncover them on sunny winter days to let natural warmth into your home but close them up after dark, when the temperature dips.

Programmable thermostat. Everyone forgets to lower the heat once in a while. A programmable thermostat remembers for you. Program yours to lower at bedtime and then automatically warm up the house just before everyone wakes up. It can lower the heat again once everyone leaves for school and work in the morning and crank it back up before the family gets home in the afternoon.

The services of qualified technicians. Keeping your heating and cooling system clean and well-maintained will help it run more efficiently and extend its life. Likewise, keeping vents clear—including the one for your clothes dryer—will keep your family safer and your appliances running as they should.



RECIPE OF THE MONTH



NOIRCHOCOLATE | ISTOCK.COM

Buffalo Chicken Spread

- 1 package (8 ounces) light cream cheese
- 2 tablespoons hot sauce
- 2 teaspoons garlic powder
- 1 teaspoon onion powder
- 2 teaspoons Spanish paprika
- ½ teaspoon ground ginger
- ½ cup finely diced cooked (or smoked) chicken
- ¼ cup sliced green onions
- ½ cup shredded cheddar cheese
- 1 tablespoon finely chopped pickled jalapeño peppers, or more to taste
- ½ cup sour cream, or more as desired for texture

1. Thoroughly combine cream cheese, hot sauce, garlic powder, onion powder, paprika and ginger in a mixing bowl or the bowl of a stand mixer fitted with a paddle attachment.
 2. Stir in the chicken, green onions, cheddar cheese and jalapeños. Stir in enough sour cream to reach desired consistency.
 3. Refrigerate at least 1 hour to allow the flavors to meld.
 4. Serve with sturdy chips, or spread the dip on extra-thin bread to make wonderful party sandwiches.
- Makes 7 quarts.

Find this and more delicious recipes online at
TEXASCOOPPOWER.COM