



MESSAGE
FROM
GENERAL
MANAGER
AND CEO

JERRY D.
WILLIAMS

The Texas Grid

AFTER THE RECENT rolling blackouts, many have asked me how the electric grid works, and why would there be a need for blackouts.

The second part of the question is the easiest. When electric load gets close to exceeding the amount of electricity being generated, the entire system will automatically blackout unless the load is reduced. The rolling blackouts were the method to reduce electric load. We all know why the electric load was so great. The unusual winter storm of snow and ice blanketed most of the state with temperatures below zero. As predicted, electric load increased to an all-time winter peak of about 71,000MW. Why that expected load was more than available generation is a completely different story that I will address in coming months.

As background, one must understand the electric grid in Texas and most of the United States was originally constructed as a patchwork of electric lines constructed to move power between neighboring utilities. There was no grand plan by the government or anyone else. (The TVA is an exception)

In 1999, the Texas Legislature passed Senate Bill 7 which changed everything in most of Texas, effective January 1, 2002. This was called de-regulation but it created a lot of new regulations. This new law required every electric generating plant to sell their power to the grid operator ERCOT and every company that sells retail electric power to purchase their power from ERCOT. At the time, all major investor owned utilities, such as Texas Utilities (TXU) were broken into three companies. All TXU generating plants were now owned and operated by a company called Luminant, and like everyone else must sell all their generated power to ERCOT. All the TXU transmission lines, distribution lines, poles, transformers and electric meters were now owned and operated by a new company called Oncor.

A new type of electric utility was created. These new companies were called Retail Electric Providers (REP). Their sole purpose is to purchase wholesale power from ERCOT and re-sell it retail. They own no generating plants, poles, wire or meters. They are basically marketing and billing companies. There are around 130 REP companies selling retail power in the ERCOT area and the new TXU is one of those companies.

Non-Profit Cooperatives and Municipal Owned electric utilities were allowed to continue owning power plants but they had to sell all the power generated to ERCOT. Every utility selling electric power in the ERCOT part of Texas (this includes Cooperatives,

Municipals, and REP's) must provide a forecast every day of power needs for the next day and every day ERCOT takes bids from companies with generators to supply the electric load for the next day. This is called the "day ahead" market. The bids from the generators establish the market price for the next day's electrical needs. Of course not every forecast is perfect, so ERCOT secures immediate overages or shortfalls from the generating companies as the need arises, which is called the "real time" market. In the case of severe shortages, ERCOT is authorized to pay up to \$9 per kWh to make sure enough power is available for everyone. During the winter storm, the market price for power went to \$9 per kWh but there was still a shortage of generators to supply the power needs of Texans.

The companies with generators have developed a lot of expertise in projecting the weather and resulting power needs for Texas. It would be impractical for Lamar Electric to maintain a staff to make such forecasts and projections of load. Some of the larger power generator companies offer these services as a "Qualified Scheduling Entity" (QSE). Some of these companies offer their services as a third party broker and will bid on purchasing all the power needs of Lamar Electric for up to three years. This means they pay ERCOT for the power purchased for Lamar Electric and then bill Lamar Electric at the contract bid rate. This is how Lamar Electric was able to lock in our wholesale energy price for 2020, 2021 and 2022. Of course the generating company acting as a QSE for us has a hedge on the ERCOT market price. By selling power to ERCOT at the market price and buying the power back at market price for Lamar Electric's needs, they can pretty well predict what price to charge Lamar Electric and still make a profit.

You will most likely hear a lot in the future about generation owners that could not keep their generators operating or could not get them to start. If the generator is not working the companies may be forced to buy electric energy on the market at the market rate to satisfy their commitments. A lot of money can be lost quickly in this situation.

Of course, the energy rate does not include the cost to deliver the electric energy through the various Transmission Lines. Transmission Line expense is prorated to everyone using the transmission lines and is handled separately, based on Public Utility Commission approved rates for each transmission line owner.

Next month, we will discuss more about why there were not enough generators operating to supply the needs. ■

Lamar Electric Weathered the Storm

FEBRUARY'S UNPREDICTABLE WEATHER challenged Texas' electric grids, but Lamar Electric Cooperative had your back.

Rolling outages were necessary to keep the grid from collapsing. We were all frustrated by those outages, and we knew what you were going through at your home because Lamar Electric employees and their families lost power, too.

The bottom line is that for various reasons there was not enough electric generation on the Electric Reliability Council of Texas grid to meet demand during four days. All utilities in the state are required to purchase electricity from the grid. In 2019, Lamar Electric arranged to lock in and purchase enough electricity for all our power needs through a third-party broker at a wholesale price through 2022. The grid operator, ERCOT, is responsible for making sure there is enough electricity on the grid for everyone.

Unlike other utilities, Lamar Electric is a nonprofit cooperative, owned by our members, and is continually looking out for our members. In fact, revenues earned beyond the cost of operating the cooperative are returned to members in the form of capital credits.

Electric cooperatives have a long history of working with Texas' leaders to ensure your electricity supply is reliable. We will monitor developments at the Legislature to protect our members. We will encourage changes that ensure rolling blackouts aren't called for in the future and at the same time make sure this storm isn't used as an excuse to increase electric costs in the future.

Lamar Electric's members are our friends, neighbors and family members. We aren't just keeping electricity flowing to homes and businesses—we're powering our community. That's why we are deeply committed to providing safe and reliable electricity to our members at a fair price. ■



MARK YOUR CALENDAR

Good Friday

Friday, April 2

Our offices will be closed in observance of the holiday.

Easter

Sunday, April 4

Lineman Appreciation Day

Monday, April 12

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5225 US Hwy. 82 E., Blossom 75416

P.O. Box 580, Paris, TX 75461

Phone (903) 784-4303

Web lamarelectric.coop

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Allen Branch, Sumner

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Contact Us

For information and to report outages, please call us.

(903) 784-4303

MEMBER BENEFITS

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

TEXAS CO-OP POWER

Lamar Electric provides *Texas Co-op Power* and *TexasCoopPower.com* to give you information about events, safety, special programs and other activities of your cooperative. If you have any comments or suggestions, please contact the co-op office.

VISIT US ONLINE

lamarelectric.coop



Notice of Lamar County Electric Cooperative Association Meeting of Members

THE ANNUAL MEMBERSHIP MEETING of Lamar Electric Cooperative will be held at the Lamar Electric office located at 5225 U.S. Highway 82 East, Blossom, Texas, Saturday, April 17.

Registration opens at 9 a.m. The business session will begin at 10 a.m. and includes any necessary reports of the officers, board members and committees, as well as the election of board members in districts 1, 8 and 9, each for a three-year term.

Any member who wishes to be elected to the cooperative's board of directors must appear in person at the main office of the cooperative and fill out a nomination form not less than 60 days and no more than 90 days before the date of the annual meeting of the members at which board members are to be elected.

The following members have placed their names in nomination at the cooperative headquarters:

DISTRICT 1: Michael Williams, 16288 FM 195, Detroit 75436

DISTRICT 8: Matthew Albus, 2212 CR 25200, Roxton 75477

DISTRICT 9: Lyle Yoder, 13527 FM 905, Pattonville 75468

You do not have to be present at the meeting to vote in the

director election. Before the meeting, ballots will be mailed to members who reside in districts having an election. If you reside in one of those districts, you may either vote by mail or in person at the meeting.

Each member in attendance at the meeting will receive a registration gift, and a drawing for prizes will be held. You must be present at the time of the drawing to be eligible for prizes.

Six \$1,000 scholarships also will be awarded at the meeting. Entries must be received at the cooperative office by 5 p.m. April 5. **To be eligible for a scholarship, a candidate must:**

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

We look forward to your attendance. Enjoy your annual meeting.

Michael R. Williams, Board Secretary
March 30, 2021

Director Candidate Profiles



DISTRICT 1

Michael "Mike" R. Williams has been a Lamar Electric member since 1996 and has served on the board of directors since 2005. He and lives north of

Detroit. He has two children, Rachel and Eric. He is a graduate of Clarksville High School, Paris Junior College and East Texas State University, where he earned a degree in agribusiness. He has worked as a chemist for TXI and was employed 30 years with the Texas Department of Transportation. He recently retired as a district environmental coordinator.



DISTRICT 8

Matthew Albus has been a Lamar Electric member since 2005. He feels co-ops are the most effective means of supplying electricity to rural

areas and allow rural areas to be self-sufficient. He and his wife, Melissa, live near Roxton. He has a bachelor's degree in mechanical engineering from Texas A&M University. He has worked for Kimberly-Clark in Paris for 20-plus years and enjoys having an engineering job in a rural area. He owns some cattle and enjoys all types of hunting, training horses and leatherwork.



DISTRICT 9

Lyle Yoder has been a Lamar Electric member since 1998 and has served on the board of directors since 2008. He and his wife, Jinx, live near Pat-

tonville. They have one daughter, a son-in-law and one granddaughter. He is self-employed with Yoder & Sons Metal Works in Paris.

Unclaimed Capital Credits To Be Credited to Bills

IN 2018 LAMAR ELECTRIC mailed thousands of capital credits checks totaling \$2.3 million to our members and former members. Most of these checks were cashed, but many were not.

Over the past couple of years, the cooperative has published lists of members who had yet to claim their checks, and a lot of checks were claimed as a result. But about 570 checks totaling \$28,425 remain unclaimed by members who have an active electric account. That's an average of about \$50 each. So in April these 570 active accounts will receive a credit on their electric bills in the amount of the unclaimed check. The credit will be described on bills as "2018 Capital Credit Check."

Capital credits represent your share of ownership in the cooperative. They could be considered your equity in the co-op.

Lamar Electric is a nonprofit organization and is required to produce a certain amount in margins. Each year Lamar Electric allocates margins to each member based on how much electricity the member used. But before those allocations are paid to members in the form of capital credits, they are used to make capital improvements rather than Lamar Electric securing a loan every time it needs to upgrade a power line or connect a new home. That's why they are referred to as capital credits. ■

Apply for a Scholarship by April 5

THIS YEAR LAMAR Electric Cooperative 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 can be used for tuition, books, and room and board.

Eligibility Requirements

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

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

The scholarships will be awarded at Lamar Electric's annual meeting April 17 in a random drawing of qualified students. The winners need not be present.

The deadline to apply is April 5. The application can be found on the Lamar Electric website, lamarelectric.coop. Completed applications should be emailed to scholarship@lamarelectric.coop. ■



Thank a Lineworker on April 12

NATIONAL LINEMAN APPRECIATION DAY, April 12 this year, honors the professionals who work around the clock to keep power flowing. If the power is on wherever you are, you likely have a lineworker to thank.

From the substations to the power lines crisscrossing the countryside to the meters on our homes, Lamar Electric's lineworkers build and maintain the system that keeps Lamar, Red River and Delta counties running.

Regardless of its source, electricity has to be transported by power lines, transformers and other equipment. Due to power's essential volatility, the safety of our lineworkers and members is of utmost importance to the co-op.

When Mother Nature destroys what our lineworkers have built, they are on call to rebuild it as quickly as possible. They work tirelessly to get emergency systems back in working order and urgently return service to our members.

Even when there is no crisis, lineworkers work under dangerous conditions daily. Whether they are working in trenches, near water or on high towers, the risks are extreme. Stop and take a moment to say thank you to your local lineworker today. ■