



Impacts of COVID-19 on the Energy Industry

Technical Conference

Docket No. AD20-17-000

July 8-9, 2020

Agenda

Day 1 – Wednesday, July 8, 2020

9:00 am – 9:30 am: **Opening Remarks**

9:30 am – 12:00 pm: **Panel 1: System Operations and Planning Challenges**
(There will be a 15 minute break approximately halfway through this panel.)

This panel will explore the energy industry's ongoing and potential future operational and planning challenges due to COVID-19. While utilities typically deal with more traditional, localized emergencies, such as a loss of significant equipment or severe weather events, COVID-19 has presented an unprecedented set of challenges affecting every part of the energy sector. To that end, this panel will seek to gain a better understanding of how electricity, natural gas, and oil companies are handling the resulting operating challenges during the pandemic, how they plan to address potential resurgences of the pandemic, and how they plan to move forward. This panel may include a discussion of the following topics and questions:

1. Please describe system operations during the COVID-19 emergency. What steps have been taken to ensure that the system remains safe and reliable? What changes are being made to normal system operations to ensure safe and reliable operation during the COVID-19 emergency?
2. What challenges do you foresee during emergency restoration in the COVID-19 emergency for seasonal events such as hurricanes or wildfires and how are those challenges being addressed? Moving into the summer, what near-term challenges are expected to reliable system operations, and what plans are being developed to address them?

3. How has the COVID-19 emergency impacted maintenance activities and to what extent has there been deferred maintenance? Are there concerns about impacts due to deferred maintenance activities and the delayed completion of projects during the COVID-19 emergency, and, if so, how will these concerns be addressed?
4. What current or anticipated supply chain disruptions, if any, exist at the national and international level for infrastructure equipment?
5. What new cyber security threats and vulnerabilities have been identified during the COVID-19 emergency? What resources are available to help with these issues, and what actions are entities taking in response?
6. What challenges do you foresee as state and local governments ease restrictions on travel and economic activity? What steps need to be taken to maintain reliable operations in the energy industry as remote operations are transitioned back to the workplace?
7. What other preparations are being made to respond to the current situation with COVID-19, any possible resurgence of COVID-19, and how are you evaluating how to move forward? What steps need to be taken to facilitate this transition, and do you foresee any specific challenges that must be addressed?

Panelists:

- Michael E. Bryson, Senior Vice President, Operations, PJM Interconnection
- Timothy P. Cawley, President, Consolidated Edison Company of New York
- Stanley Graham Chapman, III, Executive Vice President and President of U.S. Natural Gas Pipelines, TC Energy, and Chairman, Interstate Natural Gas Association of America
- Stanley W. Connally, Jr., Executive Vice President – Operations, Southern Company Services, Inc.
- Eric DeBonis, Senior Vice President – Operations, Southwest Gas Corporation
- Mike Haynes, Chief Operating Officer, Seattle City Light
- Shawn M. Lyon, President of Marathon Pipe Line, and Vice President of Operations, MPLX GP LLC
- James B. Robb, President and Chief Executive Officer, North American Electric Reliability Corporation

12:00 pm – 1:30 pm: Lunch Break

**1:30 pm – 4:00 pm: Panel 2: Electricity Demand and Transmission Planning
(There will be a 15 minute break approximately halfway
through this panel.)**

This panel will explore the impacts of COVID-19 on transmission planning activities resulting from electricity demand changes. With respect to transmission planning, the uncertainty surrounding the impacts of COVID-19 may make it more difficult to accurately forecast demand over the longer-term planning horizon. This panel seeks to understand how public utility transmission providers intend to manage increased uncertainty in their existing transmission planning processes, and whether the Commission's transmission planning regulations provide sufficient flexibility for utilities. This panel will explore how the electricity sector has responded to changing load patterns in both day-to-day operations as well as in longer-term resource adequacy and transmission planning activities. This panel will also discuss any potential impacts of current or anticipated electricity demand changes caused by COVID-19 on infrastructure that is already included in public utilities' transmission plans, as well as on transmission projects for which development and construction has already begun. In addition, the panel will discuss the potential impact of any changes to the resource mix. This panel may include a discussion of the following topics and questions:

1. Do potential changes to demand, daily loading profiles, and shifts in load centers raise any concerns, such as making day-ahead forecasting more difficult?
2. What are the challenges caused by the COVID-19 emergency, if any, associated with load forecasting and resource adequacy with respect to capacity markets? How have RTOs/ISOs adjusted load forecasting in the short-term and long-term?
3. Which types of resources are being affected by the COVID-19 emergency and how? What are the expected impacts from this situation on the different types of resources, including coal, natural gas, nuclear, renewables, storage, etc.?
4. What is the likely effect of the COVID-19 emergency on the current and future power generation mix, including the economic impacts on all resources?
5. Will previous forecasts about changes to the resource mix change as a result of the COVID-19 emergency? Over what time period? If so, what will those changes be, how rapidly are they expected to occur, and how could they impact reserve margins and transmission planning?
6. How has (or could) the COVID-19 emergency impact on load forecasting been used in transmission planning?

7. Other than changes to load forecasting and resource mix changes, what other factors resulting from the COVID-19 emergency (e.g., deferred maintenance or construction activities) will impact transmission planning?
8. Which types of electric infrastructure projects are being affected by the COVID-19 emergency and how are they being impacted? Are these impacts primarily short- or long-term?
9. How could the COVID-19 emergency impact competitive transmission development under the Order No. 1000 transmission planning processes?
10. Do the Commission's transmission planning regulations incorporate sufficient flexibility for public utilities to adapt to unanticipated changes in electricity demand caused by the COVID-19 emergency?

Panelists:

- Stefan Bird, President and Chief Executive Officer, Pacific Power, on behalf of PacifiCorp
- Travis Fisher, President and Chief Executive Officer, ELCON
- Robert "Mac" McLennan, President & Chief Operating Officer, Minnkota Power Cooperative
- Clair Moeller, President and Chief Operating Officer, Midcontinent Independent System Operator, Inc., on behalf of the ISO/RTO Council
- Curtis A. "Curt" Morgan, President and Chief Executive Officer, Vistra Energy
- Gil C. Quiniones, President and Chief Executive Officer, New York Power Authority
- Sam Randazzo, Chairman, Public Utilities Commission of Ohio
- Paul Segal, President and Chief Executive Officer, LS Power Associates, LP

Day 2 – Thursday, July 9, 2020

9:00 am – 9:30 am: **Opening Remarks**

9:30 am – 12:00 pm: **Panel 3: Natural Gas and Oil Demand (There will be a 15 minute break approximately halfway through this panel.)**

This panel will explore the impacts of COVID-19 on natural gas and oil supply, demand, transportation, and infrastructure planning, including the number and types of proposed projects, pipeline construction, and rate filings. In addition, the panel will discuss impacts on supply and demand patterns and national and regional pipeline flows. This panel also will seek to better understand how changes in natural gas and oil production

would affect pipeline flows at the national level, and regional pipeline utilization rates. This panel will also consider the potential impact the COVID-19 emergency may have on LNG exports from existing and planned terminals. Items to be considered include the economic impact of the COVID-19 emergency and its implications for LNG exports in the short-, mid- and long-term. This panel may include a discussion of the following topics and questions:

1. Which types of infrastructure projects are being affected by the COVID-19 emergency, and how are they being impacted? How will changes in demand impact project proposals and projects for which construction has already been authorized? Are these impacts primarily short- or long-term?
2. What regulatory challenges have been faced, if any, due to unanticipated changes in natural gas and oil demand due to the COVID-19 emergency?
3. Do the Commission's regulations incorporate sufficient flexibility for regulated entities to adapt to unanticipated changes in natural gas and oil demand caused by the COVID-19 emergency?
4. What is the likely impact of the financial challenges natural gas and oil producers face on how the industry plans and executes natural gas and oil infrastructure projects? Please discuss the short-, mid- and long-term.
5. What is the magnitude of potential natural gas and oil production shut-ins, both to associated gas and stand-alone natural gas production, and how would this affect supply and regional flows and pipeline utilization? Please discuss the short-, mid- and long-term.
6. What producing regions are likely to see the largest decreases in production for natural gas and oil? Are these decreases projected to be short- or long-term? If a rapid shift to natural gas from coal were to occur, would there be any anticipated impacts on available pipeline capacity?
7. Is global demand for natural gas and LNG projected to rise in the short-, mid- or long-term? Is U.S. LNG infrastructure well-positioned to meet expected global demand?
8. Based on the demand outlook discussed above, what will be the implications in the short-, mid- and long-term for pipeline capacity and planned expansions, as well as construction plans for proposed LNG facilities?

Panelists:

- Robert Brooks, Founder and President, RBAC, Inc.
- David Bryson, Senior Vice President and Chief Commercial Officer, Gas Transmission and Midstream, Enbridge

- Anatol Feygin, Executive Vice President and Chief Commercial Officer, Cheniere Energy
- Gary Gibson, General Manager and Chief Executive Officer, City Utilities of Springfield
- Terry Lewandowski, Senior Director – Energy, Nutrien, and President of the Process Gas Consumers Group
- Matt O’Mahoney, Managing Director – Fuel Procurement and Operations, Delta Airlines
- Toby Rice, Chief Executive Officer, EQT Corporation

12:00 pm – 1:30 pm: Lunch Break

1:30 pm – 4:00 pm: Panel 4: Access to Capital - Credit, Liquidity, and Return on Equity (There will be a 15 minute break approximately halfway through this panel.)

Having adequate access to capital is vital to ensuring that regulated electric, natural gas, and oil companies are able to continue providing reliable service. The COVID-19 emergency has had a significant impact on the financial markets and the financial health of individual companies, which has introduced new risks that could potentially impact access to capital. Some of these risks include, but are not limited to, decreased demand, lower commodity prices, reduced access to credit and reduced market liquidity, increased delinquencies, insolvent customers/unrecoverable defaults, lower and/or more volatile stock prices, construction delays, and lags in rate recovery. The magnitude of these and other factors will vary for different entities in the electric, natural gas, and oil sectors that are subject to or affected by the Commission’s regulations and actions. This panel will also examine how risk factors created by the COVID-19 emergency could affect the ability of electric utilities and natural gas and oil pipelines to access sufficient capital. Further, this panel will explore whether certain risks associated with the COVID-19 emergency may have impacts on return on equity (ROE) issues. This panel may include a discussion of the following topics and questions:

Credit Issues

1. What risk factors from the COVID-19 emergency are most acute, particularly with respect to potential credit-rating downgrades and other credit deterioration?
2. How has the COVID-19 emergency affected the counterparty risks that pipelines face from natural gas and oil shippers, and that RTOs/ISOs face from power market participants and what are those counterparty risks? What new measures, if any, are needed to address these risks?

3. How could energy, capacity, natural gas, and oil markets be affected if market participants get credit downgrades or face other conditions that could limit their ability to participate in those markets?
4. Is there an increased risk of financial failure of a major market participant due to the COVID-19 emergency? If so, are adequate credit monitoring and collateral requirements in place to limit that impact?

Liquidity and Access to Capital

1. What, if any, liquidity issues are panelists seeing in energy markets due to the COVID-19 emergency? What are the principal causes of those liquidity issues? What are the impacts of those liquidity issues on operations and infrastructure development?
2. Are utilities experiencing cash flow issues because infrastructure projects are delayed due to the COVID-19 emergency and they cannot recover costs until the project goes into service? If so, are there actions the Commission should take to mitigate such issues, such as allowance for Construction Work in Progress in rate base for such projects?

Return on Equity and Rate Issues

1. How has the COVID-19 emergency affected financial market conditions and the returns needed by regulated entities? Should the Commission consider changes to its ROE policies in light of any such effects, and, if so, how?
2. Other than the issue of ROE, what regulatory treatments should the Commission consider reviewing to address the COVID-19-related emergency?
3. Are there rate design changes the Commission should consider under which a public utility or pipeline could provide short-term rate relief to its customers that would include a mechanism that would keep the public utility or pipeline financially whole over the long-term? Should the Commission consider accounting guidance to reflect jurisdictional entities' actions in response to liquidity concerns and financial market uncertainty?

Other Issues

1. Are there retail risks, such as rate freezes combined with falling load, imposing significant risk on utilities? What impact does this have on operations or planned investments?
2. How is COVID-19 affecting the ability of the international customers of U.S. LNG terminals to continue honoring their agreements, and how does this affect the ability

of U.S. LNG companies to continue moving forward with their operations or ability to execute infrastructure projects? Is it possible that any loss of or changes to agreements are a result of a shift in the market from long-term contracts to more liquid short-term contracts? Are these challenges short-, mid- or long-term?

Panelists:

- Roger Collanton, Vice President and General Counsel, California Independent System Operator, on behalf of the ISO/RTO Council
- Kimberly Dang, President, Kinder Morgan
- Mauricio Gutierrez, President and Chief Executive Officer, NRG
- Charles Jones, Chief Executive Officer and Member of Board of Directors, FirstEnergy Corp.
- Philip Moeller, Executive Vice President – Business Operations Group and Regulatory Affairs, Edison Electric Institute
- Antonio P. Smyth, Senior Vice President – Transmission Ventures Strategy & Policy, American Electric Power
- Christine Tezak, Managing Director, Clearview Energy Partners
- Steve Young, Executive Vice President and Chief Financial Officer, Duke Energy

4:00 pm – 4:30 pm: Closing Remarks