



RESILIENT LOUISIANA COMMISSION

CO-CHAIR DON PIERSON

CO-CHAIR TERRIE STERLING

Energy Task Force

May 11, 2020

Meeting called to order at: 4:00 p.m.

Task Force Members Present:

- Rhoman Hardy (Co-Chair)
- Shane Hilton (Co-Chair)
- Mayor Jennifer Vidrine
- Mayor Nic Hunter
- Mayor Jeff Hall
- Matt Jewell
- Blake Canfield
- Jody Montelaro
- Karl Weber
- Brian Bond, Tyler Gray, Greg Bowser, Elizabeth Ellison-Frost, Nick Piatek, Laura Ferrell

- Welcome Introduction
 - Roll was called and quorum was confirmed.
 - May 4th meeting minutes were approved by the Task Force.
- Opening Remarks:
 - The co-chairs provided an update on other RLC meetings that were attended over the previous week and feedback received from the Commission.
 - There was a common theme from the Commission to the individual task forces that their focus for Charge 1 remains on what is needed immediately for the crisis response / reopening Louisiana's economy.
- Guest Speaker:
 - John Parsons, Anton Derkarch and Luciano Di Frori from The McKinsey group joined the Task Force call to present COVID-19 Impacts on the O&G Industry. This presentation was to provide their perspective of the crisis impacts on the industry.
 - The presenters shared different modeled scenarios of the economic impacts of COVID-19 based on the spread, public health response and economic policies in place. Scenarios A1 and A3 are the focus of the presentation.
 - A global survey and the respondents voted on what they think are the most likely scenarios. Top three of the survey results: A1 (30%) and then A3 (16%), then B1 (15%)
 - Demand destruction is 4-5 times larger than we have ever seen in the past, and it is happening globally (US, Europe, China) rather than in a localized setting. Because of this, models show it will likely take 2-4 years to come back to the same demand level as 2019.
 - Demand destruction coupled on top of the OPEC supply issues, McKinsey developed scenarios of how the oil and gas market will respond:
 - Best case – OPEC will cut supply and demand comes back – price control is restored, and oil could be back to the \$50 bbl pricing by end of 2020
 - Delayed recovery – by either delayed demand destruction or delayed oversupply control, both lead to depressed prices and likely production curtailment in order to address the oversupply.
 - Question – how does the natural gas market play in these scenarios?
 - Natural gas likely has a silver lining from this. As Permian production slows due to the crude oversupply, there will be less associated gas from that basin. This could prove positive for the Appalachian basin.
 - Question – is a vaccine being developed played into any of the modeled scenarios?

- Yes – the A1 Scenario. This assumes 18 months for a vaccine to be developed and contain the virus.
- Presentation shared with the Task Force members and RCL.
- Workgroup Summaries
 - Co-chairs updated the group that Charge 1 report is still in draft. The report will be submitted this week (5/13) to the RLC for publication on the website.
 - Each working group lead took about 5 minutes to summarize their workgroup report, provide thoughts around the recommendations and any changes that may be needed before the final draft and allow for Q&A for the rest of the members
 - Elected & Government Officials
 - The main area that was identified for Charge 1 was funding options to the public. Residents need to be able to continue to pay their utility bills, so need to think about how help increase funding to the elderly and low income.
 - Increased funding to LIHEAP. What are good guidelines to use for this program’s funding? Need to focus on providing this to the RLC.
 - Would like to see Best Practices created for the state and local governments on how they work together. Need to be clear and consistent how information is being communicated to the public. Believe this is something that can be done immediately.
 - Increase testing capacity, regarding both number of tests and timing of results.
- Utilities
 - Regulatory certainty was the focus for the utility sector. Need to have flexibility with the customers while maintaining financial stability.
 - Regulators have been very proactive during the crisis and want to ensure the sector can keep this engagement going forward.
 - Continue to investigate emergency response as Hurricane Season approaches. Need to be focusing in on resource acquisition and ensure nothing inhibits restoring power to the state after an emergency.
- LNG
 - Increase certainty with testing (both with availability and reliability).
 - Recommend having testing as part of the safety protocols.
- Oil & Natural Gas
 - Much of the work is around relief, or ways to reduce costs to the industry. Specifically, around severance tax and the steam, water & natural gas tax.

- Need to be able to test people on site and not have barriers preventing that.
- Some of the oil and gas issues pertain to Charge 2, therefore the team will focus in on what can be done immediately for a Charge 1 report.
- Review of Action & Closing Remarks
 - Next steps and action items for the week were reviewed by the co-chairs.
 - Nicole St Amand had the action to send the Task Force the latest draft for Charge 1 by COB 5/12.
 - The Task Force members had an action to review for one more round of comments before Noon 5/13.
 - Final Charge 1 was to be submitted to the RLC by close of 5/13.
 - Members were asked to start prioritizing their Charge 2 issues / asks. Start working on how to draft clear responses for the Governor on the impact of COVID-19 to our industries and how to become more resilient for the long term.
 - Mayor Nic Hunter asked for a minute to announce the 18th World LNG & Gas Series: Americas Summit & Exhibition, that is coming to Lake Charles this year for the first time. Dates are November 10-12 and will be taking place at the Golden Nugget Casino Resort.
 - <https://lngamericas.cwclng.com/>

Adjourned meeting.