

August 18, 2020

To: Valued Partners

The year 2020 continues to challenge us all with a rollercoaster of unforeseeable events impacting our business. We have managed the COVID-19 pandemic impact and the resulting, significant demand swings -- contributing to the most volatile 8 months in recent history.

The recent, unanticipated round of SCE rolling blackouts have further challenged us and has put our supply position in peril. SCE has warned that rolling blackouts are likely to continue because of the excessive heat warnings in California (up to 10-20 degrees above normal in some areas) that are expected to continue to overtax the power grid. See [SCE Notice](#).

Due to the production impacts of the curtailments over the past 5 days which are expected to continue further this week, we have decided to stop sales out of our Tehachapi plant effective today expecting to reopen on Sunday. Once sales resume we may also be asking our customers to accept significant allocations of cement possibly up to 75% of demand in the days after depending upon future power curtailments. With record temperatures forecasted and impending blackouts imminent, we are planning for these challenges ahead.

Our sales team will be available to work with you to support the demand planning process. Thank you for your support in these unprecedented times.

Sincerely,

Brett Porter

Brett Porter
VP Sales South

Support Information :

- With high temperatures, the power grid is experiencing increase electricity demand, primarily from residential air conditioning use. The National Weather Service has issued excessive heat watches and warnings for portions of California and the Southwest US. California is experiencing near-record or record-breaking heat, up to 10-20 degrees above normal in some areas. Above-normal temperatures for the West including California, lasted through the weekend and are expected into late next week. Prolonged heat over several consecutive days is expected to drive electricity demand higher, as nighttime temperatures are also forecast to be above average. Remnants of tropical system “Elida” will bring cloud cover to areas of California through this event, reducing solar generation, which leads to tighter energy supplies.
- The Governor’s Office has called a statewide emergency and is asking for utilities to activate all Demand Response programs to reduce energy usage as well as use all available onsite back-up generation during the hours of 3 P M to 10 P M. Demand Response programs were called Friday 8/14, Saturday 8/15, Sunday 8/16, Monday 8/17 and are also expected to be called Tuesday 8/18 and Wednesday 8/19. The events require our plants to reduce all power usage and can last up to 6 hours per event.

California ISO

<http://www.caiso.com/informed/Pages/Notifications/AWENoticeLog.aspx>

Southern California Edison

<https://energized.edison.com/stories/state-warns-rotating-outages-likely-over-next-two-days>