North American Energy Standards Board
1301 Fannin, Suite 2350, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@naesb.org
Home Page: www.naesb.org

GECTF Preliminary Discussion Sub-Points List

Purpose: The purpose of this list is to expand the Preliminary Discussion Points List in an effort to understand and frame the issues.

Flexibility/Planning:

- Issues may include pricing, unknown generation needs, and gas units being turned on or off with short notice.
- While there may not be available services to mitigate, there could be market-based tools available.
- There is a lack of historical statistics with respect to extreme weather on generation unit availability.
- Gas input supply, transportation capacity availability, and capacity contract rights (types of available services) are relevant to new gas-fired generation facilities.
- Type of generation facility and physical location of the facility are relevant issues.
- Lack of nation electric scheduling standards is problematic.
- Electric generation facility citing is a regulated process.
- Lack of planning for peaking needs.
- Alignment of purchase of proper services, if available.
- An increase in gas-fired generation coming on line could result in gas flow control which would limit the gas flow at particular points.
- New services are needed such as real time natural gas service – this does not currently exist.
- What are the current solutions for handling the needs of peaking generation facilities.
- The multiple levels of services on pipelines and LDCs can impact users (multiple jurisdictions).
- Natural gas follows contractual commitments while there is more flexibility in electric (buy power/generate).
- Scheduling impacts available services.
- Pipeline are common carriers and must follow tariffs (including priority of service).
- Service priority first – if IT is scheduled, price of service rules.
- Electric has an overriding obligation to serve, but the determination of which generation resources are used is based on pricing.
- One to one versus conglomerate relationship.
- Electric transmission tariffs (OATTs) contain curtailment policies.
- The ISO works to maintain the balance between generation and load.
- There are several electric transmission priorities and curtailment of schedules according to the priorities is done to address congestion if market price does not act as a limiter.
- This issue affects the retail markets.

- How soon does the generator know when he needs the gas?
- A generator might not have Firm Transmission service on a pipeline.
- RTOs/ISOs don't verify a generator has gas supply and capacity arranged before they accept a generator's bid.
- That verification is not necessary due to the economics or risk – a generator is obligated to purchase the obligation on the real time market.
- The above was identified as a factor for the January 2004 difficulties in the North East.
- Potential inappropriate market rules or market mitigation (price cap).
- Timing issue of when gas is scheduled versus when electric is scheduled.
- Generation load projections might not equal real time load.
- If a pipeline is fully subscribed to FT shippers and a non-FT shipper comes on line it is because a firm shipper is not using the capacity.
- Resoltion between an unscheduled non-FT user and pipeline would occur.
- FERC Policy addresses this.
- Unused firm capacity is sold.
- Service Characteristics:
  - Firm vs. IT
  - Firm Balancing
  - Should be developed to work for both uniform flow markets and non-uniform flow markets without producing negative impacts on other markets.
  - Any service offerings are tied to operational characteristics.
  - Storage based services (non-notice or short notice).
  - Park & Loan
  - Linepack
  - Communication mitigation RFP procedure by pipeline.
  - There are economics to providing any service.
- The need for intraday flexibility in gas scheduling should be weighed for the needs of both industries.
- If a change is only for the benefit of the electric industry, then the change should not occur.
- Additional intraday nominations opportunities increase the availability of feedback data for the pipelines and would make the industries more transparent.
- There is the need for something closer to real time or same day flexibility, but the facilities are currently not in place.
- LDCs cannot manage additional flexibility (logistical issues).
- Flexibility is a commodity.
- The physical nature of the commodities is different. It takes 2.5 to 3 days for gas input in the gulf to travel to New York. Electricity is instantaneous and cannot be stored.

North American Energy Standards Board
1301 Fannin, Suite 2350, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@naesb.org
Home Page: www.naesb.org

Timelines / Scheduling:

- There are obvious mismatches between the gas day and electric day-ahead and real time markets.
- Each electric market has its own timeline.
- Can we narrow the multiple electric timelines? (policy issue).
- Gas pipelines may serve multiple regional markets.
- Communication procedures should be formalized. This could include informing the pipelines of a day ahead generation plan and projected gas needs in MMBtu or MCF.
- Modifications should be communicated when know.
- There are potential confidentiality and code of conduct issues.
- There is a potential for coordinated maintenance outages.
- The winter gas usage peak is early in the morning or late in the afternoon. Electric shows the same peak.
- Real time does not exist.
- There is a need for coordinated process.
- Producers will not sell to a user requiring hourly service, but marketers are interested in services.
- What is the reasonable minimum amount of notice necessary to affect a change of supply to meet load?

Reliability:

- Any possible changes need to be evaluated for their impact on reliability.

Terminology: