

NY Companies – National Fuel Gas Distribution Presentation  
NAESB Standards Development Request R04016

PROBLEM STATEMENT:

Develop a standard energy day that would apply to both the electric and gas industries that would foster the coordination of scheduling between electric and natural gas and allow both the electric and gas industries to more closely match fuel deliveries to generation requirements. Any prospective changes to scheduling and gas flow timelines should also meet the needs of traditional gas customers and continue to promote safe, reliable service and operations.

DISCLOSURE/COMMENTARY:

The following proposal is intended to advance discussion within NAESB and to provide a more complete record for FERC. It does not represent the final position of National Fuel Gas Distribution (NFGD). The development of energy day standards is one component of the gas-electric coordination issue – no one should expect that a standard energy day would resolve all such issues. A standard energy day or better coordinated scheduling for each commodity may, however, provide a valuable framework for resolution of these issues.

Development of the standard gas day created structure upon which key transportation service features have evolved. As such, NFGD is invested in the status quo for gas. While gas-fired generation is projected to be a significant gas consumer, traditional gas customers will continue to compose the vast majority of gas market load. Any changes to standards governing either commodity should carefully balance perceived benefits against the cost of change and should minimize disruption to existing business processes. In other words, before any changes are made, there should be industry consensus that proposed changes are worthwhile and that actual problems will be resolved.

PROPOSAL:

1. Change the Standard Gas Day (SGD) by 3 hours to begin at 6:00 A.M. Central Time (CT) and
  - (a) create a Standard Electric Day (SED) beginning at 6:00 A.M. CT or
  - (b) create a SED beginning at 1:00 A.M. CT.

Option (a) would create a Standard Energy Day while option (b) would create/retain individual commodity days with a standard offset as an alternative to a Standard Energy Day.

2. Develop a Standard requiring that the electric Day Ahead Market schedule should be issued in advance of the gas Timely Nomination Deadline.
3. Create a “no-bump” Intraday 3 nomination cycle to the gas scheduling timeline and make corresponding modifications to capacity release/recall standards.
4. Development of standards supporting the above three concepts should take place within each wholesale quadrant to the maximum possible extent, i.e. such development need not be a cross-quadrant activity.

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PROPOSAL OBJECTIVES:

1. Align gas and electric days such that peak demand periods are not split over consecutive accounting days.
2. Coordinate gas flow timelines (the times at which gas schedules go into effect) with the beginning of peak demand periods (gas or electric).
3. Maximize the number of business processes conducted within normal or existing business hours.
4. Minimize the amount of increased staffing to accommodate new timelines.
5. Minimize changes such that the integrity of existing services is maintained, i.e. services should function comparably to the way they currently function.

GENERAL CONCEPTS:

By starting the SGD at 6:00 A.M. Central Time, the On-Peak Electric Period (generally 7:00 A.M. to 11:00 P.M. local time) would occur within the gas day in each time zone. While starting the SED at the same time would create an Energy Day, each commodity could retain its own day so long as a standard offset between each commodity's daily start times was in place. So long as the SED does not start before 1:00 AM Central Time, the On-Peak Electric Period in the Pacific Time Zone would be contained within both the SED and SGD.

By minimizing the shift in the SGD to three hours, most nomination and capacity release timelines can remain unchanged. This is particularly the case for Timely and Evening nominations at which the vast majority of gas business is conducted. Changes to Intraday 1 (ID1) and Intraday 2 (ID2) timelines, however, are necessary to preserve the concept of nominating gas for the remaining two-thirds or one-half of the SGD<sup>1</sup>. Changes to ID1 and ID2 timeline have a secondary impact on standards concerning partial day capacity releases and partial day capacity recalls. To balance existing staffing hours and the amount of time necessary to process various transactions, some timelines have to be compressed while others are simply shifted by three hours.

For example, while the ID1 effective flow time is shifted by three hours (5:00 P.M. CT to 2:00 P.M. CT), the ID1 nomination deadline is shifted by one hour (10:00 A.M. CT to 9:00 A.M. CT). Analogous changes are proposed to the contemporaneous release and recall timelines. One side effect of the changed ID1 effective flow time is that it will better align with afternoon peaks for gas-fired generation.

Creation of an Intraday 3 (ID3) nomination cycle will create an additional opportunity to settle imbalances before the end of the day. The ID3 nomination cycle deadline would occur during normal business hours and become effective at 10:00 P.M. providing the ability to flow at least one-third of a shipper's maximum daily quantity. Like the ID2 nomination, it would be "no-bump" and therefore avoid disrupting previously scheduled and flowing gas. As such,

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<sup>1</sup> While a day can be divided into fractions, the quantities scheduled at ID1 and ID2 are technically daily quantities. This means that, depending upon the service and pipeline operating conditions, it is possible for a shipper to receive more than two-thirds or one-half of their maximum daily quantity even though the effective flow time is one-third or one-half of a day, respectively, after the start of the SGD.

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confirmation will not be labor/communications/notice intensive (relative to Timely, Evening and ID1 cycles) and staffing increments should be minimal, if any.

It is critical that the Day Ahead Market (DAM) Schedules to be posted prior to Timely Nomination Deadline. A 10:00 A.M. C.T. posting deadline is proposed in order to give market participants a minimum of 90 minutes to make gas supply and transportation arrangements. DAM Schedule posting deadlines that follow or do not significantly precede the Timely Nomination deadline eliminate the potential to coordinate the two commodities in the most effective manner. Further, significantly delaying the Timely Nomination deadline would compress too many other downstream business processes with the potential to shift events out of the normal business day and radically alter staffing levels.

Finally, while not a specific part of this proposal, since some electric regions find value in issuing their DAM Schedules closer to the start of the next day, well past the gas timely nomination deadline. Development of a standard supplemental or evening DAM schedule that coincided with the gas evening nomination cycle may be worth exploring. Whether the evening DAM represented a revision or a replacement of the morning DAM would be an issue for discussion.

**SPECIFIC CHANGES TO EXISTING GAS STANDARDS:**

1.3.1	Standard time for the gas day should be <del>9-6</del> a.m. to <del>9-6</del> a.m. (central clock time).
1.3.2	All Transportation Service Providers should support the following standard nomination cycles:
(i)	The Timely Nomination Cycle: 11:30 am for nominations leaving control of the nominating party; 11:45 am for receipt of nominations by the transporter (including from Title Transfer Tracking Service Providers (TTTSPs)); noon to send Quick Response; 3:30 pm for receipt of completed confirmations by transporter from upstream and downstream connected parties; 4:30 pm for receipt of scheduled quantities by shipper and point operator (central clock time on the day prior to flow).
(ii)	The Evening Nomination Cycle: 6:00 pm for nominations leaving control of the nominating party; 6:15 pm for receipt of nominations by the transporter (including from TTTSPs); 6:30 pm to send Quick Response; 9:00 pm for receipt of completed confirmations by transporter from upstream and downstream connected parties; 10:00 pm for Transportation Service Provider to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the day prior to flow).  Scheduled quantities resulting from an Evening Nomination that does not cause another Service Requester on the subject Transportation Service Provider to receive notice that it is being bumped should be effective at 9:00 a.m. on gas day; and when an Evening Nomination causes another Service Requester on the subject Transportation Service Provider to receive notice that it is being bumped, the scheduled quantities should be effective at 9:00 a.m. on gas day.
(iii)	The Intraday 1 Nomination Cycle: <del>409</del> :00 am for nominations leaving control of the nominating party; <del>409</del> :15 am for receipt of nominations by the transporter (including from TTTSPs); <del>409</del> :30 am to send Quick Response; <del>12</del> :00 pm for receipt of completed confirmations by transporter from upstream and downstream connected parties; <del>21</del> :00 pm for Transportation Service Provider to provide scheduled quantities

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	to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the gas day). Scheduled quantities resulting from Intraday 1 Nominations should be effective at <u>52:00</u> pm on gas day.
(iv)	The Intraday 2 Nomination Cycle: <u>52:00</u> pm for nominations leaving control of the nominating party; <u>52:15</u> pm for receipt of nominations by the transporter (including from TTTSPs); <u>52:30</u> pm to send Quick Response; <u>85:00</u> pm for receipt of completed confirmations by transporter from upstream and downstream connected parties; <u>96:00</u> pm for Transportation Service Provider to provide scheduled quantities to affected shippers and point operators (central clock time on the gas day). Scheduled quantities resulting from Intraday 2 Nominations should be effective at <u>96:00</u> pm. on gas day. Bumping is not allowed during the Intraday 2 Nomination Cycle.
(v)	<u>The Intraday 3 Nomination Cycle: 6:00 pm for nominations leaving control of the nominating party; 6:15 pm for receipt of nominations by the transporter (including from TTTSPs); 6:30 pm to send Quick Response; 9:00 pm for receipt of completed confirmations by transporter from upstream and downstream connected parties; 10:00 pm for Transportation Service Provider to provide scheduled quantities to affected shippers and point operators (central clock time on the gas day). Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 pm. on gas day. Bumping is not allowed during the Intraday 3 Nomination Cycle.</u>
(vi)	For purposes of 1.3.2 ii, iii, <u>iv</u> and <u>iv</u> , "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.
(vii)	Model: <u>AS SHOWN ON THE FOLLOWING PAGE</u> <i>Note: as adjusted for above.</i>
1.3.41	The daily grid-wide synchronization times for scheduled flow are <u>96:00</u> a.m., <u>52:00</u> p.m., <u>6:00 p.m.</u> and <u>910:00</u> p.m.
5.3.2	For biddable releases (less than 1 year): <ul style="list-style-type: none"> <li>- offers should be tendered by 12:00 P.M. on a Business Day;</li> <li>- open season ends no later than 1:00 P.M. on a Business Day (evaluation period begins at 1:00 P.M. during which contingency is eliminated, determination of best bid is made, and ties are broken);</li> <li>- evaluation period ends and award posting if no match required at 2:00 P.M.;</li> <li>- match or award is communicated by 2:00 P.M.;</li> <li>- match response by 2:30 P.M.;</li> <li>- where match required, award posting by 3:00 P.M.;</li> <li>- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)</li> </ul>
	For biddable releases (1 year or more): <ul style="list-style-type: none"> <li>- offers should be tendered by 12:00 P.M. four Business Days before award;</li> <li>- open season ends no later than 1:00 P.M. on the Business Day before timely nominations are due (open season is three Business Days);</li> <li>- evaluation period begins at 1:00 P.M. during which contingency is eliminated, determination of best bid is made, and ties are broken;</li> <li>- evaluation period ends and award posting if no match required at 2:00 P.M.;</li> <li>- match or award is communicated by 2:00 P.M.;</li> <li>- match response by 2:30 P.M.;</li> <li>- where match required, award posting by 3:00 P.M.;</li> </ul>

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	<ul style="list-style-type: none"> <li>- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)</li> </ul>
	<p>For non-biddable releases:</p> <p>Timely Cycle</p> <ul style="list-style-type: none"> <li>- posting of prearranged deals not subject to bid are due by 10:30 A.M.;</li> <li>- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)</li> </ul>
	<p>Evening Cycle</p> <ul style="list-style-type: none"> <li>- posting of prearranged deals not subject to bid are due by 5:00 P.M.;</li> <li>- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)</li> </ul>
	<p>Intraday 1 Cycle</p> <ul style="list-style-type: none"> <li>- posting of prearranged deals not subject to bid are due by 9:00 A.M.;</li> <li>- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)</li> </ul>
	<p>Intraday 2 Cycle</p> <ul style="list-style-type: none"> <li>- posting of prearranged deals not subject to bid are due by 4:00 P.M.;</li> <li>- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)</li> </ul>
	<p><u>Intraday 3 Cycle</u></p> <ul style="list-style-type: none"> <li>- <u>posting of prearranged deals not subject to bid are due by 5:00 P.M.;</u></li> <li>- <u>contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)</u></li> </ul>
5.3.44	All Transportation Service Providers (TSPs) should support the following recall notification periods for all released capacity subject to recall rights.
(i)	<p>Timely Recall Notification:</p> <ul style="list-style-type: none"> <li>(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due;</li> <li>(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due (Central Clock Time);</li> </ul>
(ii)	<p>Early Evening Recall Notification:</p> <ul style="list-style-type: none"> <li>(a) A Releasing Shipper recalling capacity should provide notice of such recall to</li> </ul>

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	<p>the TSP and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;</p> <p>(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due (Central Clock Time);</p>
(iii)	<p>Evening Recall Notification:</p> <p>(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;</p> <p>(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due (Central Clock Time);</p>
(iv)	<p>Intraday 1 Recall Notification:</p> <p>(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than <del>76:00-30</del> a.m. on the day that Intraday 1 Nominations are due;</p> <p>(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than <del>87:300</del> a.m. on the day that Intraday 1 Nominations are due (Central Clock Time); and</p>
(v)	<p>Intraday 2 Recall Notification:</p> <p>(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than <del>211:30</del> <del>pa</del>.a.m. on the day that Intraday 2 Nominations are due;</p> <p>(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than <del>312:30</del> p.m. on the day that Intraday 2 Nominations are due (Central Clock Time).</p>
(vi)	<p><u>Intraday 3 Recall Notification:</u></p> <p><u>(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 3:30 p.m. on the day that Intraday 3 Nominations are due;</u></p> <p><u>(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 4:30 p.m. on the day that Intraday 3 Nominations are due (Central Clock Time).</u></p>
5.3.45	<p>For recall notification provided to the Transportation Service Provider (TSP) prior to the recall notification deadline specified in NAESB WGQ Standard No. 5.3.44 and received between <del>76:00-30</del> a.m. and 5:00 p.m., the TSP should provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification.</p> <p>For recall notification provided to the TSP after 5:00 p.m. and prior to <del>76:00-30</del> a.m., the TSP should provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. (Central Clock Time).</p>