##### December 3, 2013

**TO:** All Interested Parties

**FROM:** Elizabeth Mallett, NAESB Staff Attorney

**RE: Gas-Electric Harmonization Update**

**Update on NAESB Gas-Electric Harmonization Activities –**

In response to a July 18, 2013 FERC NOPR, the co-chairs of the NAESB Wholesale Electric Quadrant (WEQ) and Wholesale Gas Quadrant (WGQ) Executive Committees formed a joint task force to conduct an informal, proactive review to determine if any aspects of the NOPR may impact the NAESB WEQ Gas-Electric Coordination Standards or the NAESB WGQ Gas/Electric Operational Communications Standards. At the conclusion of the review, the task force found no inconsistencies between the NAESB standards and the July 18, 2013 NOPR. A work paper that detailed the task force’s analysis was presented during the October WEQ and WGQ Executive Committee meetings. The task force will reconvene to review the Final Order and determine if any further action should be recommended.

On November 15, 2013, the Federal Energy Regulatory Commission (FERC) released Order No. 787, *Communication of Operational Information Between Natural Gas Pipelines and Electric Transmission Operators*, to support the reliability of pipelines and public utility transmission service by permitting increased information sharing between transmission operators. The Order follows a July 18, 2013 Notice of Proposed Rulemaking (NOPR) and amends FERC regulations to expressly authorize the exchange of non-public, operational information between electric transmission operators and interstate natural gas pipelines. In addition, the Order adopts a No-Conduit Rule to prohibit recipients of the non-public operational information from subsequently disclosing, or being a conduit for subsequently disclosing, the information to another entity.

In addition to internal gas-electric harmonization activities, NAESB has also been actively monitoring the activities of external groups and recently participated in the first face-to-face Eastern Interconnection States’ Planning Council (EISPC) industry coordination meeting held on August 26-27, 2013 in Chicago, IL and the follow-up meeting on October 28-29, 2013 in Washington, D.C. The entities are working together to evaluate transmission development options throughout the Eastern Interconnection.

The FERC recently met in open session on October 17, 2013 to hear updates on gas-electric activities from Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs) among other agenda topics. The updates focused on coordination initiatives with pipeline operators heading into the winter of 2013-2014 and next coordination steps for the gas and electric industries. Several ISOs and RTOs are working with their stakeholder groups to determine the best courses of action to ensure that the interdependencies of the two markets are addressed. Several ISOs are working with their stakeholder groups to determine the best courses of action to ensure that the interdependencies of the two markets are addressed, and the Natural Gas Council is also considering recommendations. As NAESB has several sets of standards specific to the coordination of the two markets, we look forward to working with any of the aforementioned groups should improvements to the standards be identified. Similarly, should we receive guidance on direction from regulators that would necessitate changes to our standards, we will work to make the needed changes.