##### March 4, 2015

**TO:** Monthly Update Call Participants

**FROM:** Caroline Trum, NAESB Deputy Director

**RE: Gas-Electric Coordination**

This year, in furtherance of gas-electric coordination, NAESB developed standards that seek to better harmonize the natural gas and electric markets. NAESB has been involved in gas-electric coordination activities for many years now and is always willing to undertake any effort deemed appropriate to best serve the industry. In March 2014, the Federal Energy Regulatory Commission (FERC or Commission) released a Notice of Proposed Rulemaking (NOPR) proposing modifications to the gas operating day and scheduling practices used by interstate pipelines to schedule natural gas transportation service in an effort to better coordinate the scheduling of natural gas and electric markets and provide increased flexibility. As part of the NOPR, FERC asked NAESB to facilitate an industry-lead effort to develop an alternative to the proposal put forward by FERC in the NOPR, and, if any standards were developed as a result, to file those standards with the Commission. In response, NAESB leadership created the Gas-Electric Harmonization (GEH) Forum.

The GEH Forum enjoyed participation from over 500 participants representing over 400 companies and trade associations. Forum participants considered thirteen alternative proposals from industry members. While no single proposal attained consensus approval of the entire forum, several concepts put forward by the proposals related to natural gas scheduling and nomination cycles garnered significant support from participants in both the gas and electric markets. As a result, the NAESB Board of Directors instructed the Wholesale Gas Quadrant (WGQ) to develop and/or modify the NAESB WGQ Business Practice Standards to incorporate the noted concepts.

The WGQ began the standards development effort in June 2014, and it was completed by mid-July. The WGQ Executive Committee (EC) took action to approve the proposed standards in August 2014, with NAESB WGQ membership ratifying them in September. As requested by the Commission in the NOPR, NAESB filed the standards with the Commission in late September 2014. Additionally, these standards were included as part of Version 3.0 of the WGQ Business Practice Standards filed with the Commission in November 2014. In response to the action by the WGQ, the Retail Markets Quadrant (RMQ) initiated an effort to develop a catalogue of the standards that could require modifications in order to remain consistent with the WGQ standards should the Commission issue a final order on the NOPR or Version 3.0 of the WGQ Business Practice Standards.

NAESB is awaiting further action or direction from the Commission and will be pleased to address any additional requests deemed appropriate by the Commission and within the bounds of the NAESB process.