Via email and posting

February 29, 2016

**TO:** NAESB Board of Directors, Gas-Electric Harmonization (GEH) Forum and Interested Parties

**cc:** NAESB Advisory Council

**FROM:** North American Energy Standards Board Office

**RE:** Announcement & Agenda for the GEH Forum Meeting – March 7-8, 2016

Dear Board Members, GEH Forum Participants and Interested Parties,

Thank you for your interest in the efforts of NAESB to respond to the request of the NAESB Board of Directors, through participation in the NAESB Gas-Electric Harmonization (GEH) Forum. As you know, on April 16, 2015 the Federal Energy Regulatory Commission (FERC or Commission) issued FERC Order No. 809 (Order) and made a specific request of the industry to work through NAESB to “…explore the potential for faster, computerized scheduling when shippers and confirming parties all submit electronic nominations and confirmations, including a streamlined confirmation process if necessary.” To address this request, the NAESB Board of Directors reactivated the GEH Forum and assigned it to the 2016 WEQ Annual Plan Item 7.a[[1]](#footnote-1) and 2016 WGQ Annual Plan Item 3.a.[[2]](#footnote-2)

To initiate efforts, the GEH Forum held an organizational conference call/web cast and reviewed a timeline for completing the project, a meeting schedule and a request for presentations that was distributed to the industry on January 12, 2016. This organizational call was followed up by a meeting held over February 18 and 19, where presentations were given to provide a baseline of information for how the electronic scheduling and confirmations processes are managed today, market developments necessitating a review of the current processes, issues surrounding changing the current electronic scheduling and confirmations processes, and possible directions to consider.

To continue efforts, the NAESB GEH Forum will hold its second meeting on March 7 and 8 in Houston, Texas to hear and discuss the presentations submitted by interested industry participants. The meeting discussion and agenda will build on the materials provided and discussed during the February meetings and will continue work on the potential issues specific to computerized scheduling, and confirmations including a streamlined confirmation process.

The March 7 and 8 meeting will take place at the Hilton Americas Hotel in downtown Houston[[3]](#footnote-3) from 8:30 am to 5:00 pm C the first day, and 8:30 am to 2:00 pm C the second day. NAESB does not have a room block at the Hilton. The meeting will be available by conference call and web cast for those unable to travel. In addition to participating in person or via conference call/webcast, any interested party can ensure that their perspectives are presented and made a part of the record through written comments. Broad participation will ensure that our board receives robust information and a meaningful record when determining the best manner in which to proceed.

**To participate in this meeting, please provide an RSVP to the office (drager@naesb.org, 713-356-0060) by the close of business on Friday, March 4, 2016.** When you RSVP (to participate by phone or in person), you will be assessed a $200-per-person meeting fee charge to defray the costs of holding the meetings. To avoid any confusion, please note that this is a per person fee not a per company fee. Any participant who is a member of the press, or is with a state or federal regulatory agency, or is a representative of a consumer advocacy group is exempt from the meeting fee.

After you RSVP, you will receive an email confirmation with instructions for payment of the meeting fee. When indicating your intent to participate, please provide the following registration information –

• Name

• Company

• Representation in either the Wholesale Gas or Wholesale Electric Quadrant

• Segment representation (Descriptions provided in the background documents as part of the attached agenda)

• Participation by conference call/web cast or in-person.

You should select only one segment and only one quadrant. RSVPs are particularly important for these meetings to ensure we have adequate space and enough phone lines for those participating through conference calling. For those participating by conference call/webcast, your email confirmation will include the call in information. A registration list will be made available prior to the meeting.

Please note that the lunch break is scheduled for more than an hour, as lunch will not be provided during the meeting. Also, should you bring laptops or other electronic devices, please ensure your battery is fully charged as power strips are not available. If you need access to the internet, please bring your own Wi-Fi device. Complimentary internet access is available in the lobby.

All those that RSVP for the meetings will be added to the distribution list unless it is specifically requested otherwise. If you received this notice and would like to be removed from the distribution list, please contact the NAESB office. If you know of any colleagues that may have interest in attending this conference call/web cast or in following NAESB efforts in this area, please feel free to forward this invitation and have the interested parties contact the NAESB office to be added to the distribution list.

Prior to this conference call/web cast and future meetings, participants are encouraged to familiarize themselves with the NAESB Antitrust and Other Meeting Policies (<http://www.naesb.org/misc/antitrust_guidance.doc>) and be aware that the meetings will be transcribed and may be attended by members of the press.

Again, thank you for your interest and please do not hesitate to call our office if you need additional information.

**BACKGROUND INFORMATION**

In paragraph 107 of the Order, the Commission stated the following.

“While NAESB’s modified standards represent an improvement over the currently effective standards, we continue to recognize that additional intraday nomination opportunities could promote more efficient use of existing pipeline infrastructure and provide additional operational flexibility to all pipeline shippers, including gas-fired generators. The modified NAESB standards reflect reduced intraday processing times from the current NAESB standards (i.e., three hours instead of the current four hours), and existing operational limitations, including the manual processes utilized by pipelines for processing nominations, may affect the ability of the gas industry to add additional standard nomination cycles applicable to all shippers. However, the use of computerized scheduling would appear to provide an opportunity for faster and more frequent scheduling of intraday nominations for those shippers and their confirming parties willing to commit to scheduling electronically. ***We request that gas and electric industries, through NAESB, explore the potential for faster, computerized scheduling when shippers and confirming parties all submit electronic nominations and confirmations, including a streamlined confirmation process if necessary.*** Providing such an option would enable those entities that need greater scheduling flexibility to have their requests processed expeditiously.”

Following the Order, on September 17, 2015 the Commission issued an Order on Rehearing in docket no. RM14-02-001and in paragraph 1 requested that NAESB provide the Commission with standards or a report on the development of standards related to related to faster, computerized scheduling by October 17, 2016.[[4]](#footnote-4)

¶1 “In Order No. 809, the Commission revised its regulations relating to the scheduling of transportation service on interstate natural gas pipelines to better coordinate the scheduling practices of the wholesale natural gas and electric industries, as well as to provide additional scheduling flexibility to all shippers on interstate natural gas pipelines. The Commission also requested that natural gas and electric industries, through the North American Energy Standards Board (NAESB), explore the potential for faster, computerized scheduling when shippers and confirming parties all submit electronic nominations and confirmations, including a streamlined confirmation process if necessary. On May 18, 2015, the Desert Southwest Pipeline Stakeholders (DSPS) filed a request for rehearing of Order No. 809. On August 4, 2015, NAESB filed a report indicating that due to the press of implementing the revised nomination standards by April 1, 2016, it would not begin the development of computerized scheduling standards until after that date. As discussed below, the Commission denies DSPS’ request for rehearing and directs El Paso Natural Gas Company, L.L.C. (El Paso), Transwestern Pipeline Company, LLC (Transwestern), and TransCanada-North Baja Pipelines (TransCanada-North Baja) to make an informational filing within 90 days of the date of this order. ***In addition, while we recognize the time commitments in implementing the revised nomination timeline, the Commission requests that the natural gas and electric industries, through NAESB, begin considering the development of standards related to faster, computerized scheduling and file such standards or a report on the development of such standards with the Commission by October 17, 2016.***”

WEQ & WGQ NAESB ANNUAL PLANS:

To respond to the Order and the subsequent Order on Rehearing, the NAESB Board of Directors, during the December 10, 2015 meeting, reactivated the NAESB Gas-Electric Harmonization (GEH) Forum and tasked it with addressing 2016 WEQ Annual Plan Item 7.a and 2016 WGQ Annual Plan Item 3.a. Specifically, the annual plan items require the GEH Forum to do the following.

Review FERC Order No. 809 ¶ 107 issued in Docket No. RM14-2-000 regarding computerized scheduling and provide recommended direction concerning the development of standards or modifications to existing standards as needed to support the request of the Commission. The recommended direction will require two-step board approval, for both the timeline to be pursued and the framework for standards development.

NAESB BOARD OF DIRECTORS GUIDANCE:

As additional guidance the board directed the GEH Forum to address the item through the following steps.

1. Provide a forum for industry education from both the natural gas and electric industries regarding gas-electric coordination specific to computerized scheduling, and confirmations including a streamlined confirmation process, if necessary ([FERC Order No. 809 Order on Rehearing, Docket No. RM14-2-001](https://www.naesb.org/pdf4/ferc091715_order809_order_on_rehearing.docx))
2. Identify potential issues specific to computerized scheduling, and confirmations including a streamlined confirmation process, if necessary which could be based on the education provided in step 1
3. Identify potential solutions to the issues identified in step 2
4. Identify potential schedules for standards development

PREVIOUS WORK PAPERS:

* NAESB GEH Forum Distribution List as of January 12, 2016: <http://www.naesb.org/pdf4/naesb_geh_forum_distlist_2016.doc>
* Antitrust Guidance: <http://www.naesb.org/misc/antitrust_guidance.doc>
* FERC Order No. 809: <https://www.ferc.gov/whats-new/comm-meet/2015/041615/M-1.pdf>
* FERC Order on Rehearing on FERC Order No. 809: <https://www.naesb.org/pdf4/ferc091715_order809_order_on_rehearing.docx>
* FERC Order No. 809 Timeline: <https://www.naesb.org/misc/ferc_order809_historical_timeline.doc>
* NAESB Board of Directors Meeting – December 10, 2015: [https://www.naesb.org//pdf4/bd121015dm.docx](https://www.naesb.org/pdf4/bd121015dm.docx)
* 2016 WEQ Annual Plan: <http://www.naesb.org/pdf4/weq_2016_annual_plan.docx>
* 2016 WGQ Annual Plan: <http://www.naesb.org/pdf4/wgq_2016_annual_plan.docx>
* GEH Forum Schedule of Meetings: <https://www.naesb.org/pdf4/geh012516w2.doc>
* GEH Forum Request for Presentations: <https://www.naesb.org/pdf4/geh012516w1.doc>
* Description of NAESB Quadrant Segments and Balanced Voting Process: <http://www.naesb.org/pdf4/geh_040114am_w1.doc>
* GEH Forum Meeting Notes – January 25, 2016: <https://www.naesb.org/pdf4/geh012516notes.docx>
* GEH Forum Meeting Presentations – February 18-19, 2016:
  + NAESB WGQ Pipeline Segment: <https://www.naesb.org/pdf4/geh021816w1.pdf>
  + PJM: <https://www.naesb.org/pdf4/geh021816w2.pdf>
  + ACES Power: <https://www.naesb.org/pdf4/geh021816w3.pptx>
  + Fidelity National Information Services: <https://www.naesb.org/pdf4/geh021816w4.pptx>
    - Fidelity National Information Services – Additional Notes and Comments including Examples: <https://www.naesb.org/pdf4/geh021816w10.docx>
  + Skipping Stone: <https://www.naesb.org/pdf4/geh021816w5.pptx>
  + Environmental Defense Fund: <https://www.naesb.org/pdf4/geh021816w6.pptx>
  + EnCORE with support from RBN: <https://www.naesb.org/pdf4/geh021816w7.pptx> ,   
    G. Danner: <https://www.naesb.org/pdf4/geh021816w11.zip> (Zip file due to size)
  + OATI, Inc.: <https://www.naesb.org/pdf4/geh021816w8.pptx>
    - OATI, Inc. – Addendum: <https://www.naesb.org/pdf4/geh021816w9.pdf>
  + GEH Forum Feb 18-19, 2016 White Board Notes: <https://www.naesb.org/pdf4/geh021816a1.docx>

Information on all NAESB activities can be found at <http://www.naesb.org>, and for GEH Forum activities at <http://www.naesb.org/naesb_geh_forum.asp>.

**NAESB GAS-ELECTRIC HARMONIZATION FORUM**

**Meeting**

**Monday, March 7, 2016 – 8:30 am to 5:00 pm Central**

**Tuesday, March 8, 2016 – 8:30 am to 2:00 pm Central**

**Available by Phone and Web Cast**

**In Person Attendance Hilton Americas-Houston[[5]](#footnote-5), Houston, Texas**

**agenda**

**Monday 8:00 am Coffee**

**Monday 8:30 am 1. Administrative and Organizational Review**

Welcome

Antitrust Guidance

Adoption of Agenda

Adoption of Draft GEH Meeting Notes of February 18-19

Process Review

**Monday 9:00 am 2. Recap of February 18-19**

**Monday 9:30 am 3. Review of List of Issues Raised in Presentations on February 18-19, and Identification of Other Issues Raised on February 18-19 that should be discussed**

**Monday 10:00 am 4. Discussion on Issues**

**Monday 12:30 pm Lunch**

**Monday 2:00 pm** **4. Discussion on Issues *(continued)***

**Monday 4:00 pm Closing Remarks and Planning for Day 2**

**Monday 5:00 pm Suspend For the Day**

**NAESB GAS-ELECTRIC HARMONIZATION FORUM**

**Meeting**

**Monday, March 7, 2016 – 8:30 am to 5:00 pm Central**

**Tuesday, March 8, 2016 – 8:30 am to 2:00 pm Central**

**Available by Phone and Web Cast**

**In Person Attendance Hilton Americas-Houston[[6]](#footnote-6), Houston, Texas**

**agenda**

**Tuesday 8:00 am Coffee**

**Tuesday 8:30 am Call the meeting to order, and recap of day 1**

**Tuesday 9:00 am 4. Discussion on Issues *(continued)***

**Tuesday 12:00 pm Lunch**

**Tuesday 1:30 pm 5. Closing Remarks and Planning for Next Meeting**

**Tuesday 2:00 pm 6. Adjourn**

WORK PAPERS

NAESB RSVP List: <https://www.naesb.org/pdf4/naesb_geh_forum_rsvp_030716.pdf> *- this document will be updated as RSVPs are received*

NAESB GEH Forum Distribution List: <http://www.naesb.org/pdf4/naesb_geh_forum_distlist_2016.doc>

Antitrust Guidance: <http://www.naesb.org/misc/antitrust_guidance.doc>

GEH Forum Draft Meeting Notes of February 18 and 19, 2016: <https://www.naesb.org/pdf4/geh021816notes.docx>

Comments will be posted as they are received

*Comments and Supporting Documentation will be posted as they are received on the NAESB Web Site and forwarded to the RSVP list for the meeting*. *Background information can be found beginning on page 3 of this packet.*

NAESB Gas Electric Harmonization March 7-8, 2016 Meeting – Issues for Discussion

The issues in the following table were identified from the presentation given and discussions that occurred on February 18-19, and will form the basis for our discussions on March 7-8. For each of the issues identified below, the discussion should be guided by the following questions:

* Is a discussion of this issue within the scope of the Commission’s request that “… gas and electric industries, through NAESB, explore the potential for faster, computerized scheduling when shippers and confirming parties all submit electronic nominations and confirmations, including a streamlined confirmation process if necessary?” and “… natural gas and electric industries, through NAESB, begin considering the development of standards related to faster, computerized scheduling”?
* Is it an issue that could be pursued where more uniformity or streamlining would meet the Commission’s request?  Would it be economical and efficient to do so?  Should consideration of this issue be postponed until we have more experience and a better understanding of the impact of changing the nominations timeline which is to be implemented April 1?
* Is this an issue where a national standard is not helpful, and it best addressed by services individually tailored to customer’s needs and reflecting individual inherent operational requirements?
* Is this issue a topic where tools can be used to address the Commission’s request and uniformity is not helpful or is more detrimental than beneficial?
* Is this an issue where the Commission itself should consider addressing the issue (without presuming a conclusion that the Commission would actually decide to introduce policy changes, but still entertaining the possibility that additional action may be warranted after a full record is developed)?

The table following references items discussed on February 18-19 directly referenced in the following presentations:

1. Pipeline Segment: <https://www.naesb.org/pdf4/geh021816w1.pdf>and list of companies in support here
2. PJM: <https://www.naesb.org/pdf4/geh021816w2.pdf>
3. ACES Power: <https://www.naesb.org/pdf4/geh021816w3.pptx>
4. FIS: <https://www.naesb.org/pdf4/geh021816w4.pptx>
5. Skipping Stone: <https://www.naesb.org/pdf4/geh021816w5.pptx>
6. EDF: <https://www.naesb.org/pdf4/geh021816w6.pptx>
7. EnCORE with support from RBN: <https://www.naesb.org/pdf4/geh021816w7.pptx>, <https://www.naesb.org/pdf4/geh021816w11.zip> (Zip file due to size)
8. OATI: <https://www.naesb.org/pdf4/geh021816w8.pptx>

| NAESB Gas Electric Harmonization Presentation Template  March 7-8, 2016 – Hilton Americas, Houston, Texas | | |
| --- | --- | --- |
| # | Presentation/Speakers | Issues |
| 1. | NAESB WGQ Pipeline Segment  Speaker: Kim Van Pelt | For the variables mentioned in the presentation, consider and discuss the following issues based on the questions listed on page 8 of this document:   1. No-notice needs for capacity to support anticipated usage of services purchased 2. Non-ratable flexibility, both required to support services purchased and on a best efforts basis 3. Performance of receipt/delivery locations – off-rate (daily/hourly) 4. Redirection of nominations through other portions of the pipeline 5. Interdependent capacity changes due to location of receipts/deliveries 6. Impact of weather on supply/demand and compressor efficiencies 7. Line pack and storage levels/location in relation to supply/demand 8. Gas quality fluctuation – heat content, etc. 9. Backhaul/displacement reliability 10. Maintenance activities 11. Physical assistance agreed upon between interconnecting parties 12. Order of applying reductions (optimization) – location v. segments, order of scheduling segments, timing of the balancing 13. Identification of opportunities for imbalance management 14. Balancing of pools   Also mentioned in the presentation as challenges are:   1. Flexibility of ESPQ, its level and when it should apply 2. Application of various NAESB versions and support provided by pipelines for several versions 3. Levels of confirmation 4. Nomination errors requiring manual intervention for buy/sell mismatches 5. Manual confirmation processes   Are there other issues raised in the presentation that should be discussed as part of the questions listed on page 8? |
| 2. | PJM  Speaker: Brian Fitzpatrick | For the items mentioned in the presentation, consider and discuss the following issues based on the questions listed on page 8 of this document:   1. Operational risk assessment 2. Communication protocols with LDCs, gas generator operators and natural gas marketing companies 3. Improve efficiency of critical information sharing (related to items 1 and 2)   Are there other issues raised in the presentation that should be discussed as part of the questions listed on page 8? |
| 3. | ACES Power  Speaker: Dan Buckner | For the items mentioned in the presentation, consider and discuss the following issues based on the questions listed on page 8 of this document:   1. Processing Times for Day Ahead energy markets are different across markets 2. Tight execution windows for gas markets 3. Availability of no notice services 4. Decreasing operational flexibility provided by IT service when providing the possibility of more frequent opportunities for FT and IT through additional nominations/scheduling cycles 5. Coordination/timing challenges   Are there other issues raised in the presentation that should be discussed as part of the questions listed on page 8? |
| 4. | Fidelity National Information Services (FIS – formerly SunGard)  Speaker: Sylvia Munson | For the items mentioned in the presentation, consider and discuss the following issues based on the questions listed on page 8 of this document:   1. Use of CBE confirmation of intraday nominations 2. Additional nominations cycles with CBE confirmations 3. True up processes 4. Level of confirmations 5. Iterations needed to support confirmations 6. Standardizing data and methods employed to support confirmations   Are there other issues raised in the presentation that should be discussed as part of the questions listed on page 8? |
| 5. | Skipping Stone  Speaker: Greg Lander | For the items mentioned in the presentation, consider and discuss the following issues based on the questions listed on page 8 of this document:   1. Use more nomination cycles and schedules to achieve non-ratable takes as opposed to no-notice and hourly nomination services 2. Reserving current contracted primary FT capacity for use tomorrow 3. Need for a field test for hourly rates for non-ratable service   Are there other issues raised in the presentation that should be discussed as part of the questions listed on page 8? |
| 6. | Environmental Defense Fund  Speaker: Jonathan Peress | For the items mentioned in the presentation, consider and discuss the following issues based on the questions listed on page 8 of this document:   1. Support of more nomination/intraday schedules 2. Matching efficiency of gas scheduling to ancillary services 3. Schedules to support more peakier demand for gas-fired generation   Are there other issues raised in the presentation that should be discussed as part of the questions listed on page 8? |
| 7. | Coalition of Energy Technology Firms – EnCORE Partners, RBN Energy for support  Speakers: George Danner with support from Rick Smead | For the items mentioned in the presentation, consider and discuss the following issues based on the questions listed on page 8 of this document:   1. How to support through efficient scheduling, a better coordination of gas supplies, transport services, ISOs and RTOs needs and needs of power generators 2. Through efficient nominations and scheduling, addressing service interruptions in the supply chain 3. How to address less time to validate nomination data that would not lead to errors or legal risks 4. How to address tighter deadlines that hamper gas controllers ability to account for shifts in volume 5. By adding more schedules, are tools available or currently in use that support both the gas controllers and the gas fired generators? 6. Need for role playing 7. Compress confirmations by expediting verification of nominations   Are there other issues raised in the presentation that should be discussed as part of the questions listed on page 8? |
| 8. | OATI, Inc.  Speakers: Jerry Dempsey and Sheldan Perry | For the items mentioned in the presentation, consider and discuss the following issues based on the questions listed on page 8 of this document:   1. Can eTag be applied to the gas industry to mimic the significant number of transactions processed on the power grid that use eTag in short processing windows, and if so, can it result in a streamlined scheduling process for natural gas? 2. Are there “lessons learned” in the electric industry that can benefit the gas industry as it considers the feasibility of modifying the scheduling process to make it more efficient?   Are there other issues raised in the presentation that should be discussed as part of the questions listed on page 8? |

1. The 2016 WEQ Annual Plan can be found through the following hyperlink: <http://www.naesb.org/pdf4/weq_2016_annual_plan.docx> [↑](#footnote-ref-1)
2. The 2016 WGQ Annual Plan can be found through the following hyperlink: <http://www.naesb.org/pdf4/wgq_2016_annual_plan.docx> [↑](#footnote-ref-2)
3. Hilton Americas is located in downtown Houston, Hilton Americas-Houston, 1600 Lamar, Houston, Texas, 77010, and Phone - 713-739-8000. [↑](#footnote-ref-3)
4. September 17, 2015 - FERC Order No. 809 Order on Rehearing (Docket No. RM14-2-001): <https://www.naesb.org/pdf4/ferc091715_order809_order_on_rehearing.docx> [↑](#footnote-ref-4)
5. Hilton Americas is located in downtown Houston, Hilton Americas-Houston, 1600 Lamar, Houston, Texas, 77010, and Phone - 713-739-8000. [↑](#footnote-ref-5)
6. Hilton Americas is located in downtown Houston, Hilton Americas-Houston, 1600 Lamar, Houston, Texas, 77010, and Phone - 713-739-8000. [↑](#footnote-ref-6)