**APGA COMMENTS TO THE NAESB GAS-ELECTRIC HARMONIZATION FORUM**

The American Public Gas Association (APGA) appreciates the opportunity to submit comments to the North American Energy Standards Board (NAESB) Gas-Electric Harmonization (GEH) Forum as it explores the potential for faster computerized scheduling when shippers and confirming parties submit electronic nominations and confirmations.

**Background**

APGA is the national, non-profit association of publicly-owned natural gas distribution systems, with over 700 members in 37 states. Overall, there are some 950 publicly-owned systems in the United States. Publicly-owned gas systems are not-for-profit retail distribution entities that are owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that have natural gas distribution facilities. APGA members purchase interstate natural gas transportation services, usually as captive customers of a single interstate pipeline, at rates and under terms and conditions that are regulated by the Federal Energy Regulatory Commission (FERC).

Of the some 1200 LDCs in this nation, roughly 950 are municipally-owned systems, of which over 700 are members of APGA. Regarding the full universe of municipally-owned gas systems, the vast majority of them are small systems serving small communities and purchasing their gas transportation from a single pipeline. More specifically, of APGA’s membership of 741 LDCs, some 638 systems (or 86%) have fewer than 6,000 customers; some 53 members (or 7.1%) have more than 6,000 but fewer than 10,000 customers; some 25 members (or 3.4%) have more than 10,000 but fewer than 20,000 customers; some 21 customers (or 2.8%) have more than 20,000 but fewer than 100,000 customers; and 7 members (or fewer than 1%) have more than 100,000 customers.

APGA staff and/or its members have participated in the GEH Forum meetings and listened with interest to the presentations that have been made during the GEH Forum meetings. APGA appreciates the potential benefits that could be provided through improvements that would expedite the pipeline scheduling process; however. we also want to communicate that the process currently in place has worked well for public gas systems, which are not anxious to incur additional costs to upgrade a system that from our perspective is functioning properly.

**GEH Presentations: Cost Considerations and Jurisdictional Issues**

Several of the proposals that were discussed at the Forum would have significant impacts upon public gas systems. For example, mandated changes in software, whether through purchases or upgrades, would have direct cost impacts upon public gas systems. These proposals must be weighed carefully in terms of benefits derived and costs incurred.

Several of the presentations discussed changes in the number of nomination cycles, a topic that APGA believes is beyond the limited scope of this proceeding and of this Forum at this time.[[1]](#footnote-1) These are matters that are reserved for FERC consideration and action in due course, and FERC has spoken on this issue as recently as April 16, 2015, at which time it issued a Final Rule promulgating regulations relating to the nomination and 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.[[2]](#footnote-2)

In addition to the matters noted above, other presentations were made that propose changes to industry pipeline practices that are also beyond the scope of this effort to explore improvements to computerized scheduling. For example, Skipping Stone’s presentation proposed that pipelines should be allowed to create rate schedules for non-ratable service to electric generators, provided that existing firm and no-notice services would not be impacted. APGA believes that such changes are premature at this point and also beyond the scope of this proceeding and beyond the authority of NAESB to implement; rather, such changes may only be implemented by FERC either after proper notice-and-comment rulemaking or after a proper NGA Section 4 application by a pipeline seeking such change (or an NGA Section 5 complaint by adversely affected customers demonstrating that current practices are unjust and unreasonable).

Jurisdictional issues aside, changes to nomination cycles or to ratable-take requirements could also have a significant adverse impact upon LDCs, depending on how such additional changes are imposed and the resources that would be required for a public gas system to manage these changes. A new intraday natural gas nomination cycle is being implemented industry-wide beginning April 1, 2016 (as a result of the previous GEH discussions and FERC action in Order No. 809.). The results of this new cycle are as yet unknown, and APGA recommends that the results of this cycle’s impact on the industry be analyzed for a *minimum* of one year before entertaining suggestions for additional changes that are not related directly to exploring the potential for faster, computerized scheduling.

**Conclusion**

The pipeline infrastructure in this country has been built on the basis of firm commitments by LDCs, and thus a key predicate for any regulatory action must be that customers seeking firm transportation service pay the reservation charges associated with such firm service and in turn receive the firm service for which they have paid. APGA maintains that rather than imposing further changes to meet the needs of electric generators with highly-variable loads, a better option would be for parties to work together towards ensuring that there is an adequate level of infrastructure in place to get the natural gas to those customers that need it when they need it.

APGA continues to support reasonable measures to enhance gas-electric coordination provided that such measures do not diminish current LDC flexibility in the exercise of their firm transportation rights and do not result in LDCs underwriting pipeline services to other classes of customers. APGA appreciates the opportunity to submit these comments.

1. FERC was quite specific in Order No. 809 that: “ 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.” 151 FERC ¶ 61,049 at P 107 (2015). [↑](#footnote-ref-1)
2. Order No. 809, 151 FERC at P 1. [↑](#footnote-ref-2)