Via email & posting

March 15, 2023

**TO:** NAESB Members, Gas-Electric Harmonization (GEH) Forum Participants, and Interested Parties

**FROM:** Michael Desselle, Chairman of the Board of Directors, NAESB

**RE:** NAESB GEH Forum Effort

Dear NAESB Members, GEH Forum Participants, and Interested Parties,

On behalf of the North American Energy Standards Board (NAESB), I want to thank you for your continued participation in the NAESB GEH Forum activities and for your commitment to answering the call to action requested by the Federal Energy Regulatory Commission (FERC) and North American Electric Reliability Corporation (NERC) last summer. The participants in the GEH Forum have worked diligently to discuss the challenges presented by the increased interdependency of the natural gas and electric industries and to provide their perspectives on what actions should be taken to strengthen the reliability of the bulk electric system. Over the course of our eight meetings and related comment periods and through the participation of diverse parties representing all segments of the supply chain, we have identified numerous coordination, policy and market areas that have the potential for improvement. We have also identified many possible recommendations for action intended to address those areas. In our latest survey issued in February, we asked respondents to indicate whether they support or oppose further consideration of many of the recommendations that have been provided thus far and, for the areas that they do support, also asked for their input on the priority that should be given. We are now at the stage to collaboratively reach a consensus to take the proposals proffered throughout this stakeholder process and craft them into workable solutions, either as standards or proposals for consideration by policymakers , that address the topic areas FERC and NERC identified in Key Recommendation 7 and outlined by FERC and NERC staffs at the onset of effort.[[1]](#footnote-1) Ideally, participants will utilize the information provided by others throughout the process and in the February survey responses to reconsider their own positions and reevaluate the proposals that have been offered to date with a goal of developing realistic recommendations that benefit the industry as a whole.

***Instructions on how to submit comments in advance of our next meeting can be found following this letter.***

Many of you have personally contributed significant value to NAESB over the past two decades and know NAESB’s staff to be a small, extremely dedicated team of professionals. Their efforts supporting the GEH Forum have been extraordinary, and I thank them for the work they have performed in collecting all the ideas and comments represented in development of the comprehensive work product to date. Finally, I want to take this opportunity to express my profound gratitude to Sue Tierney, Bob Gee and Pat Wood for acting as Co-chairs of the GEH Forum and volunteering their time and efforts to support NAESB in this endeavor. Their combined experience in the energy industry is unparalleled, and through their leadership, they have all left an indelible mark on U.S. energy policy and the energy markets. We are very grateful for their support and guidance.

With Best Regards,

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| MDSignature |

Michael Desselle, Chairman, North American Energy Standards Board

cc: Ms. Rae McQuade, President, North American Energy Standards Board

 Ms. Valerie Crockett, Vice Chair, Wholesale Gas Quadrant, North American Energy Standards Board

 Mr. Jonathan Booe, Executive Vice President & COO, North American Energy Standards Board

Via email and posting

March 15, 2023

Dear GEH Forum Participants,

Please find attached a survey/request for comments in advance of our next Gas-Electric Harmonization Forum meeting scheduled on April 4, 2023. To participate in this process and submit a survey, please complete it online through the following hyperlink: <https://www.surveymonkey.com/r/VBF6X8H>. It is not necessary to submit a survey in order to participate in the meeting on April 4th; however, the responses provided will be utilized to guide our discussions in future meetings and shape the direction of our final report.

A Microsoft Word version of the survey/request for comments is attached for your review prior.

* To complete the survey online, simply follow the instructions as you move from page to page through the platform. Your answers will be saved as you take the survey online, and you may leave and return to the survey when convenient for you. You may also re-enter the survey and modify your responses prior to the cutoff date of March 31, 2023 at noon Central.
* If you prefer not to take the online version of the survey and would rather complete a Microsoft Word document version, you may do so by emailing it to the NAESB office (naesb@naesb.org) by noon Central on March 31, 2023.
* As a respondent, you should identify with a NAESB Quadrant and Segment or as an observer when forwarding your responses and comments. A description of the NAESB Quadrant and Segments can be found through the following hyperlink: <https://www.naesb.org/pdf4/geh_balanced_voting_quadrant_segment_descriptions.doc>.

Again, responses are requested by **noon Central on March 31, 2023**. If you choose to take the survey via Microsoft Word, when you email it to the office, you will receive a notification from the office that it has been received.

Thank you for your time and for your commitment to the GEH Forum –

| **Gas Electric Harmonization Forum Meeting Survey****Due March 31, 2023 @ Noon Central** |
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| **Submitter Information** |
| **1.** | **Please provide your contact information:** |
|  | Company/Organization: |  |
|  | Representative: |  |
|  | Email Address: |  |
|  | Phone Number |  |
|  |  |  |
| **2.** | **For the purposes of participating in the Gas Electric Forum, are you responding as *(please check one box only)*:** |
|  |[ ]  Wholesale Gas Market – Producer |
|  |[ ]  Wholesale Gas Market -- Pipeline |
|  |[ ]  Wholesale Gas Market -- Distributor |
|  |[ ]  Wholesale Gas Market – Services or Technology Company |
|  |[ ]  Wholesale Gas Market – End User |
|  |[ ]  Wholesale Electric Market – Transmission Company |
|  |[ ]  Wholesale Electric Market – Generator |
|  |[ ]  Wholesale Electric Market – Distributor/Load Serving Entity |
|  |[ ]  Wholesale Electric Market – End User |
|  |[ ]  Wholesale Electric Market – Independent Grid Operator & Planner |
|  |[ ]  Wholesale Electric Market – Marketer/Broker |
|  |[ ]  Wholesale Electric Market – Technology or Service Company |
|  |[ ]  Retail Energy Market – Retail Electric Service Provider/Supplier |
|  |[ ]  Retail Energy Market – End User/Public Agency |
|  |[ ]  Retail Energy Market – Retail Gas Market Company |
|  |[ ]  Retail Energy Market – Retail Electric Utility |
|  |[ ]  Other Market Participant / Observer |

**Measures to improve gas-electric information sharing for improved system performance during extreme cold weather emergencies**

*1.a Whether and how natural gas information could be aggregated on a regional basis for sharing with Bulk Electric System [BES] operators in preparation for and during events in which demand is expected to rise sharply for both electricity and natural gas, including whether creation of a voluntary natural gas coordinator would be feasible.*

In the FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and the South Central United States, it was stated that “BAs and RCs generally relied on FERC-mandated interstate pipeline EBB information but had less visibility when relying on intrastate pipelines,”[[2]](#footnote-2) and a case study[[3]](#footnote-3) describing the procedures, tools and processes utilized by ISO New England was included.

1. What information concerning natural gas operations is currently shared (both required and unrequired, including through critical notices) during events in which demand is expected to rise sharply for both electricity and natural gas?
2. How is this information shared and between which entities?
3. How do Bulk Electric System operators currently receive and aggregate information concerning natural gas operations?
4. What additional information concerning natural gas operations would be helpful for Bulk Electric System Operators during events in which demand is expected to rise sharply for both electricity and natural gas, and how should that information be shared?

Several recommendations included in this section of the February Survey suggested the creation of a tool to aggregate regional information concerning natural gas operations in real-time. These recommendations were largely supported by respondents in both the wholesale electric and wholesale natural gas markets on a balanced basis, but were opposed by all respondents in the wholesale natural gas pipeline segment and a few respondents in other segments.

1. Is there a version of an industry tool that could accomplish this and be supported by the industry?
2. How, when, and by whom should this industry tool operate?

In the FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and the South Central United States, it was stated that the “BES depends, in large part, on the reliability of the natural gas infrastructure system, but unlike the BES, with its mandatory Reliability Standards enforced by FERC and NERC, the reliability of the natural gas infrastructure system rests largely on voluntary efforts.”[[4]](#footnote-4) It also asks the Forum to consider whether the creation of a voluntary natural gas coordinator be feasible.

1. Is the creation of a voluntary natural gas coordinator feasible – why or why not?
2. If feasible, what new or existing entity (or entities) should undertake this responsibility, and how should it operate?
3. What currently available or new information concerning natural gas operations would need to be provided to the coordinator?
4. Are there any recommendations for action related to area 1.a that have not been previously offered that should be included for consideration?

**Measures to improve gas-electric information sharing for improved system performance during extreme cold weather emergencies**

*1.b Expanding/revising natural gas demand response/interruptible customer programs to better coordinate the increasing frequency of coinciding electric and natural gas peak load demands and better inform natural gas consumers about real-time pricing*

Key Recommendation 7[[5]](#footnote-5) of the FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and the South Central United States proposed the consideration of expanding or revising natural gas demand response and interruptible customer programs, and while the topic has been raised, detailed proposals have not been brought forward through Forum discussions or survey responses.

1. Could the utilization of natural gas demand response or interruptible customer programs help to meet demand during critical events, and if yes, how so?
2. Are there any such existing programs, and if so, how do they operate?

A number of recommendations included in this section of the February Survey suggested the use of advanced exchange agreements or other bilateral agreements between end users.

1. What types of natural gas exchange arrangements are currently in use by market participants, and how are these facilitated?
2. Are there modifications to current processes for these agreement types that could add efficiencies or better support the voluntary transfer of unused capacity?
3. Alternatively, could there be similar benefits realized through the use of asset sharing agreements or other asset sharing practices by wholesale electric generators?

Several recommendations in the February Survey addressed capacity release and expansion of the secondary markets. Each recommendation was largely supported by two or more market segments, but no singular recommendation received substantial support across a majority of market segments.

1. Are there modifications to the capacity release process that could result in additional transparency or streamline the transaction process, such as additional information regarding price formation or changes to the notice functionality, and how could these modifications be implemented?
2. Could there be changes to timing considerations for postings of capacity release that would be of benefit?
3. Are there alternative ways to aggregate capacity release data or additional types of capacity release aggregation information that would assist market participants engaging in these transactions?

9.) Are there any recommendations for action related to area 1.b that have not been previously offered that should be included for consideration?

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**Measures to improve gas-electric information sharing for improved system performance during extreme cold weather emergencies**

*1.c Electric and natural gas industry interdependencies (communications, contracts, constraints, scheduling)*

In the FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and the South Central United States, it was stated that “fuel procurement was of special concern during the Event because it was a holiday weekend”[[6]](#footnote-6) and that “natural gas-fired units committed during the holiday weekend or for only part of the holiday weekend had limited options for procuring gas supply and transportation.”[[7]](#footnote-7) In the February Survey, there was strong support among wholesale electric respondents as well as some wholesale gas respondents to consider revisions to the nomination cycle and other provisions that could better support natural gas trades occurring over weekends and holidays.

1. What are specific changes to the natural gas nomination cycle or scheduling process that could be made to better support the procurement of natural gas and/or better enable end users to obtain natural gas, including over weekends or holidays and during critical demand events?
2. Are there existing or new market products or services that support or could better support weekend and holiday natural gas procurement, and if so, what are these products or services?

Several recommendations in the February Survey addressed the alignment of the gas-electric day, and there was generally strong support by respondents in both wholesale electric and wholesale natural gas for adjustments to electric scheduling practices to better coordinate with the natural gas nomination cycle. While the use of multi-day clearing processes had near unanimous support from wholesale natural gas respondents, wholesale electric respondents were split on the issue, with some respondents noting in comments there are efforts already underway in this area.

3.) What modifications can be made to the electric scheduling practices that would better align market clearing times and the issuance of day-ahead awards with the start of the timely nomination cycle for natural gas, and how could these changes be effectuated?

4.) Are there actions being undertaken by wholesale electric markets to consider the utilization of a multi-day clearing process, and, if so, what types of proposals are being considered?

One recommendation from the February Survey that received among the highest levels of support from both wholesale natural gas and wholesale electric respondents was to consider posting requirements for wellhead and mid-stream facility operators regarding any encountered operational issues.

5.) Recognizing that this type of data may be confidential or commercially sensitive, what information could wellhead and mid-stream facility operators share that may be beneficial to system operators and natural gas end users, and how could it be shared?

As noted in the FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and the South Central United States, the Commission, through FERC Order No. 787, has “authorize[d] interstate natural gas pipelines and public utilities to share nonpublic operational information for the purpose of promoting reliable service or operational planning on either the public utility’s or pipeline’s system,”[[8]](#footnote-8) and the January GEH Forum Record as well as the February Survey included recommendations to improve upon information sharing practices.

6.) Is there a need to further clarify or expand upon the types of information that can be shared under FERC Order No. 787, and, if so, what is this information?

7.) Are there additional categories of market participants who should engage in information sharing, and if so, what types of information should be shared between these market participants, such as communications between generators and Bulk Electric System Operators regarding issues that may impact operations or contracting practices?

The February Survey included two recommendations regarding critical notices. These recommendations were largely supported by respondents in both the wholesale electric and wholesale natural gas markets but were opposed by all respondents in the wholesale natural gas pipeline and distributor segments.

8.) Are there additional categories of information currently not provided as part of critical notices that could be of benefit to recipients of these notices, and what is the feasibility in providing such information?

9.) Are there methods to better streamline the issuance of critical notices and the dissemination of the information, and, if so, how could these be realized?

The FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and the South Central United States identifies categories of other recommendations, including electric planning[[9]](#footnote-9) as well as discusses a case study regarding the procedures, tools, and processes utilized by ISO-New England, including forecasting procedures to anticipate and prepare for potential energy adequacy issues.[[10]](#footnote-10) There were also a number of recommendations included in the February Survey related to planning and forecasting.

10.) Are there specific planning or forecasting process modifications that could provide greater predictability in when a generator will be dispatched or more advanced notice of future fuel procurement needs, and, if so, what steps would need to be taken to make these changes?

11.) What mechanisms or procedures could be utilized to increase interactions between natural gas and electric market participants, including areas such as long-term planning, siting of generation and pipeline expansion, planning processes, and scenario-based planning?

12.) Are there any recommendations for action related to area 1.c that have not been previously offered that should be included for consideration?

1. The Presentation can be found through the following hyperlink: <https://naesb.org/pdf4/geh083022a1.pdf> [↑](#footnote-ref-1)
2. See page 63 [↑](#footnote-ref-2)
3. See page 68 [↑](#footnote-ref-3)
4. See page 197 [↑](#footnote-ref-4)
5. See page 197 [↑](#footnote-ref-5)
6. See page 63 [↑](#footnote-ref-6)
7. See page 63 [↑](#footnote-ref-7)
8. See page 202 [↑](#footnote-ref-8)
9. See Appendix H: Table of Other Recommendations about the Event, Page 32 [↑](#footnote-ref-9)
10. See Page 68 [↑](#footnote-ref-10)