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From: American Gas Association

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Re: Gas-Electric Harmonization Forum Meetings – AGA’s Workpaper on Next Steps

The American Gas Association (“AGA”)¹ respectfully submits this workpaper regarding the North American Energy Standards Board (NAESB) 2016 Gas-Electric Harmonization (GEH) Forum meetings, set up to discuss the possibility of faster, computerized scheduling.² In anticipation of the next GEH Forum meeting on May 13, intended to review the results of the data collected through the March 24, 2016 GEH Forum Survey and a subsequent board conference call to make determination on future action, AGA provides the following workpaper outlining the next steps the NAESB Board of Directors should consider related to the 2016 GEH Forum process, including the required report to FERC.

The discussions on the possibility of faster, computerized scheduling have provided an opportunity for the natural gas and electric industries to continue their dialogue to better

¹ The AGA, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 72 million residential, commercial and industrial natural gas customers in the U.S., of which 95 percent – just under 69 million customers – receive their gas from AGA members. AGA is an advocate for local natural gas utility companies and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international gas companies and industry associates. Today, natural gas meets more than one-fourth of the United States’ energy needs. For more information, please visit www.aga.org. AGA members participate in the NAESB Wholesale Gas Quadrant (WGQ). Some AGA members are transportation service providers as well as distributors and are subject to the same scheduling challenges as the interstate pipelines.

² During the April 7th NAESB Board meeting, the board determined to postpone taking any action in response to FERC Order No. 809 until the full results of the survey could be analyzed and reviewed by the GEH Forum, which is the subject of the upcoming May 13 meeting.

understand the issues that currently exist, and to explore whether there are any additional scheduling improvements that may resolve gas-electric coordination issues. AGA has participated in all of the GEH Forum meetings to date and has indicated in prior comments that, given the overall record of the robust discussions that took place during the meetings, as well as a review of the survey, the focus of this GEH Forum process should only be on the concepts/issues from the GEH Forum that are responsive to both FERC's and the NAESB Board's direction and have strong, multi-quadrant support for further investigation.

To date, AGA does not believe cross-industry support has emerged to warrant further investigation through the GEH Forum, and it is unlikely that any further review of the March 24, 2016 GEH Forum Survey will change that outcome. However, for any item that a party believes is potentially actionable by NAESB, the party can submit a request through the normal NAESB standards development process. Therefore, this workpaper outlines AGA's recommended next steps:

- (1) the NAESB Board should direct NAESB Staff to suspend GEH Forum activities;
- (2) draft a high level report to FERC summarizing the outcome; and
- (3) encourage interested participants to submit standards requests to NAESB around the actionable items listed in Table 5 of the survey results. As noted in the survey, issues within Tables 4, 6, and 7 are qualified with conditions that currently do not exist or are limited to select pipelines.

The NAESB report to be submitted to FERC on the development of standards will provide an overview of NAESB's activities in response to Order No. 809,³ and, in AGA's view, should also include the following points:

³ Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities, Order No. 809, 80 Fed. Reg. 23197 (Apr. 24, 2015), FERC Stats. & Regs. ¶ 31,368 (cross-referenced at 151 FERC ¶ 61,049 (2015) ("Order No. 809") and Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities, Order on Rehearing, 152 FERC ¶ 61,212 (2015).

- NAESB reactivated the GEH Forum, held three day and a half meetings in February and March involving nearly 100 active participants of both the gas and electric industries, an April Board meeting, and a follow up meeting on May 13. NAESB has explored the potential for faster, computerized scheduling when shippers and confirming parties all submit electronic nominations and confirmations, including a streamlined confirmation process if necessary.
- NAESB has thus considered the development of standards related to faster, computerized scheduling, and the GEH Forum has had ample opportunity to comply with the Board's directives in the Annual Plan.
- The GEH Forum effort resulted in a list of nearly 50 unqualified but potentially relevant issues of interest, and a survey was conducted of nearly 500 potentially interested industry elements in an effort to give those issues proper perspective.
- The survey response rate was less than 20% and did not reflect broad-based consensus or multi-quadrant support for any significant initiative of priority for NAESB to further enhance computerized scheduling that could not otherwise be pursued through the normal NAESB standard request process.
- There were several areas identified where the existing scheduling process might be improved through NAESB standardization, as referenced in Table 5 of the survey results, and are not dependent on future events or limited to select pipelines.
- These items can be pursued by interested parties in the normal course of NAESB business through the triage process. A benefit of this process is that it would allow time for industry participants to gain experience from operating under the new scheduling timelines that took effect on April 1, 2016.

Conclusion

AGA appreciates all of the time and resources all parties have put into their participation in the GEH Forum meetings. The GEH Forum process has created an environment for interested parties to continue the dialogue on gas-electric coordination issues, but in consideration of the overall record, the process has not yielded strong support from the gas and electric industries on any item for NAESB to present to FERC for further standards development. Therefore, AGA

recommends that no further action be taken by NAESB, outside of allowing parties to pursue requests in the normal course of NAESB's standards setting process.

Respectfully submitted,

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