



NORTH AMERICAN ENERGY STANDARDS BOARD

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Via email & posting
June 9, 2023

NAESB GEH Forum Chairs' Strawman Recommendations

NGSA Suggested Edits

Recommendation 1: ~~In a manner similar to the Federal Energy Regulatory Commission ("FERC") Notice of Proposed Rulemaking ("NOPR") concerning the Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities issued on March 20, 2014 (Docket No. RM14-2-000), In addition to what Argonne can provide through its Natural Gas Intelligence tool outlined in Recommendation 2, the FERC should direct the natural gas and electric industries to assess and report on what additional interstate pipeline informational data may be necessary to assist regional operators in maintaining system reliability and if needed, ask NAESB to revise the business practice standards developed by NAESB-related to the timely reporting of informational website posting data to reflect any additions and the timeframe for reporting, such as operationally available capacity and total scheduled quantity, to make the data and any changes available, and communicate the data and any changes, as soon as possible to Bulk Electric System operators.~~

Recommendation 2: Argonne National Laboratory, with the direction and funding support of a governmental agency, such as the Department of Energy, should work with the natural gas pipelines and Bulk Electric System operators to fully develop and expand upon the Natural Gas Intelligence tool to provide improved situational awareness and communication between the gas pipeline system and the Bulk Electric System operators and to make it broadly accessible and useable to market participants.

Recommendation 3: ~~To facilitate the near real-time needs of regional operators, DOE should ask Argonne National Laboratory to compile aggregated volume data or confirmed scheduled quantities for key upstream receipt points as part of an expansion of its Natural Gas Intelligence tool, which would be accessible by operators at all times. To consider some form of advance notification of probable production losses, Owners and operators of natural gas production and processing facilities should work along with interstate and intrastate pipelines and regional operators should convene and consider if there is a process that can be developed to provide the producing community through the Natural Gas Supply Association and the Independent Petroleum Association of America to adopt best practices for sharing near or real-time notice operational information concerning to regional operators production ahead of critical periods and other ways to facilities that will improve communications and situational awareness for Bulk Electric System operators while still protecting the competitive sensitive nature of this information. and market~~



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participants], including, potentially, through the Argonne National Laboratory's Natural Gas Intelligence tool.

Recommendation 4: ~~In a manner similar to the FERC NOPR concerning the Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities issued on March 20, 2014 (Docket No. RM14-2-000), the FERC should direct the natural gas and electric industries to revise the business practice standards developed by NAESB to find ways to encourage more frequent use of capacity release or asset management arrangements (AMAs) and more timely release of unutilized interstate pipeline capacity that does not impact the reliability of the firm capacity holder improve the efficiency and transparency of the processes to report, transact, and facilitate capacity release.~~

Recommendation 5: ~~Similar to FERC's action in Order No. 712 to support the use of asset management agreements, the FERC should consider whether there is value in proposing policy modifications that may be necessary to better facilitate advanced voluntary agreements between two end users in which one party's scheduled gas is transferred to another party to assist in extraordinary circumstances during a critical event. This assessment should include a close review of whether there are sufficient opportunities for localized exchanges that can be operationally accommodated by pipelines and sufficient volumes to support generation and providers of natural gas supply and delivery capacity similar to those adopted as part of FERC Order No. 712 to support the use of asset management agreements.~~

Recommendation 6: State public utility commissions and applicable state authorities in states with competitive energy markets should engage with producers, marketers, and intrastate pipelines to ensure that the natural gas markets are fully functioning on a 24/7 basis in preparation for and during events in which demand is expected to rise sharply for both electricity and natural gas, including weekends and holidays. Per current FERC regulations, interstate pipelines schedule and operate on a 24/7 basis to support the wholesale natural gas market. In instances where state authorities lack enabling authority to take such actions, the FERC should adopt regulations to achieve identical outcomes. ~~[NGSA did not offer any specific edits to this recommendation, but some clarification is needed with respect to what is meant by 24/7 – does this entail being immediately available to confirm nominations upstream and downstream with the pipeline? Staff available to immediately address any operational equipment issues?]~~



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Recommendation 7: The Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs), through stakeholder processes, or the FERC, through initiating and conducting proceedings, should [consider adopting](#) changes to align day-ahead electric scheduling practices with the natural gas day, including earlier notification of successful bids, to ensure that schedules are known and made available to allow natural gas-fired generators to procure natural gas and pipeline capacity in periods when the market is most liquid.

Recommendation 8: [To better enable gas generators the ability to prepare for and provide reliable service during events in which demand is expected to rise sharply for both electricity and natural gas. If not already under consideration through stakeholder processes, ISOs and RTOs or the FERC, through initiating and conducting proceedings, should direct regional operators to devise plans that provide gas generators an opportunity to recover their gas purchase costs either through market-based approaches or cost-based recovery of net losses if they procure fuel days in advance of a critical period, such as through adoption of a multiday unit commitment processes. to better enable the industry to prepare for and provide reliable service during events in which demand is expected to rise sharply for both electricity and natural gas.](#)

Recommendation 9: State public utility commissions should encourage local distribution companies within their jurisdictions to structure incentives for the development of natural gas demand response programs, such as those being piloted by National Grid USA and Southern California Gas Company, and/or voluntary natural gas conservation public service announcements for residential, commercial and industrial customers in preparation for and during events in which demand is expected to rise sharply for both electricity and natural gas.

Recommendation 10: State public utility commissions [and/or regional operators](#) with integrated resource planning or equivalent planning requirements should consider ways to improve upon cross-market, long-term planning by expanding collaboration [requirements by with](#) relevant gas and electric market parties [and considering an increased focus on fuel adequacy to ensure each industry has a realistic perspective of what may be required for future customer investment to support generator requirements and the timeframe/funding that may be needed to get there.](#)

Recommendation 11: FERC, [regional operators](#), state public utility commissions and applicable state authorities in states with competitive energy markets should consider whether market



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mechanisms are adequate to ensure that jurisdictional generators have ~~the necessary a diverse portfolio of gas supply and capacity arrangements in place for secure firm transportation and supply service and/or storage to avoid and/or that provide alternative options for procuring transportation and supply mitigate natural gas supply shortfalls~~ during extreme cold weather events ~~in which there may be supply shortfalls, pipeline capacity constraints, unexpected real-time RTO directions to run or replace other units that are not operational or to compensate for load forecasting gaps.~~ ~~and if~~ not, determine whether non-market solutions are warranted, including funding mechanisms borne or shared by customers.

Recommendation 12: Applicable state authorities should consider legislation or regulations that can be enacted or other actions ~~that can be enacted or other actions~~ that can be taken to create a secondary market for unutilized intrastate natural gas pipeline capacity, including a requirement to offer some level of firm service offerings and/or support bilateral agreements between end users. In instances where state authorities lack enabling authority to take such actions, the FERC should adopt regulations to achieve identical outcomes for Section 311 pipelines within their jurisdiction.

Recommendation 13: Applicable state authorities should consider establishing informational posting requirements for intrastate natural gas pipelines to enhance transparency for intrastate natural gas market participants regarding operational capacity data, similar to the reporting and posting requirements mandated by the FERC for interstate natural gas pipelines as part of 18 CFR §284.13. In instances where state authorities lack enabling authority to take such actions, the FERC should adopt regulations to achieve identical outcomes.

Recommendation 14: Applicable state authorities should consider the development of weatherization guidelines, if not already undertaken subsequent to February, 2021, appropriate for their region to support the protection and continued operation of well heads and gas production, processing and gathering system facilities during extreme weather events, including consideration of financial reimbursements for requirements that exceed prudent economic winterization actions of gas facilities deemed critical for electric reliability, and require transparency concerning weatherization efforts of jurisdictional entities.

Recommendations for Studies

Recommendation 15: The U.S. Department of Energy or FERC should conduct, fund, and/or direct efforts to develop a comprehensive study that evaluates, by region, whether there is adequate natural gas infrastructure in place to support new gas usage patterns affected by flexible gas generation resource requirements as the latter resources are increasingly called upon for more frequent and/or steeper ramping to balance the increased use of variable energy resources. This study should be conducted in conjunction with an industry advisory group made up of diverse



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interests to ensure there is broad support that the study results are credible and unbiased. Currently, there are no comprehensive regional assessments that examine whether regions have sufficient natural gas infrastructure to support new usage patterns of gas generators, yet this information is essential for policymakers to have so that they can make informed policy decisions and take steps to avoid any potential reliability and resilience risks that accompany the transition to a lower emissions energy future.

Recommendation 16: FERC and NARUC should collaborate to conduct, fund, and/or direct efforts to conduct a comprehensive study to determine whether [market-based incentives should be in place in organized power markets aimed at encouraging generator](#)~~market-incentivized~~ investments in strategic natural gas storage facilities, [that will provide them with more options to mitigate are sufficient to address potential](#) natural gas supply shortfalls during extreme cold weather events, and [to assess whether if there are ways to ensure that the storage can be held in reserve level of investment is sufficient to preserve such facilities](#) for use during extreme cold weather events. [Alternatively, t](#)he study should also explore whether public sources of funding are needed to secure sufficient [funding for investment in a storage reserve](#).

Recommendation 17: FERC and NARUC should collaborate to conduct, fund, and/or direct efforts to conduct a comprehensive study to determine whether additional financial incentives [are needed to encourage gas generators to sign contracts that provide the financial commitment to advance additional](#) for the natural gas infrastructure system, [including infrastructure to that is needed to provide additional firm transportation capacity and to meet increased system ramping requirements](#) ~~is necessary~~ to support the Bulk Electric System [to winterize or otherwise as it prepares to reliably perform during extreme cold weather events would help to address natural gas supply shortfalls during such events](#).

Recommendations/Endorsements of Activities Currently Underway

Recommendation 18: On May 3, 2023, a request for standards development was submitted to NAESB to consider modifications to the NAESB Base Contract for Sale and Purchase of Natural Gas to, among other things, encourage weatherization actions. As this specific topic area was identified and discussed by the NAESB Gas-Electric Harmonization (GEH) Forum as a potential recommendation, we [endorse support that request going to this evaluation by](#) the NAESB Wholesale Gas Quadrant [for further evaluation](#).

Recommendation 19: Many generalized recommendations for resource adequacy and accreditation and market reforms to bolster reliability were offered throughout the NAESB GEH Forum activities; however, based upon information provided by representatives from the ISO and RTO segment, steps are being taken within the organized markets to consider the constructs through their stakeholder processes. As recommendations in this area were identified and discussed by the NAESB GEH Forum, we endorse [this actions to improve evaluation of](#) resource adequacy and



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accreditation requirements by all ISOs and RTOs and encourage the review of the Forum record.

Long-term Considerations

Considerations: Throughout the NAESB GEH Forum, activities, comments, discussion, and recommendations were offered to consider reforms to the current permitting and certification process for new natural gas infrastructure, including pipeline capacity, storage, and LNG expansion, ~~to incentivize investment and meet the demands of the current energy transition.~~ In fact, the importance of having sufficient natural gas infrastructure in place to support and maintain the reliable operations of the BPS was strongly acknowledged by all segments throughout the Forum and indeed, are interwoven throughout the above recommendations. However, ~~the Forum it was recognized~~ sd by the many proponents of these ~~that~~ recommendations on reforms to the permitting and certification processes that ~~the~~ advance the buildout of new infrastructure is a multi-year process and that the ~~benefits that~~ additional capacity and storage ~~will provide to the market would not~~ cannot be realized within ~~a~~ the timeframe suggested through the FERC and NERC request of the NAESB GEH Forum. It was also recognized that the consideration of reforms to the permitting and certification processes for new natural gas infrastructure is currently taking place in other venues, and we encourage participants in those venues to review ~~of~~ the record created by the NAESB GEH Forum record ~~is encouraged in those venues.~~