

July 10, 2023

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North American Energy Standards Board (NAESB)
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Re: MISO Comments regarding **NAESB GEH Forum Chairs' Strawman Recommendations**

MISO appreciates the efforts of the Gas Electric Harmonization (GEH) Forum panel to craft these recommendations. In addition, we are thankful for the opportunity to provide feedback regarding the **NAESB GEH Forum Chairs' Strawman Recommendations**.

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), FERC should direct the natural gas and electric industries to revise the business practice standards developed by NAESB related to the timely reporting of informational website posting data. This would include operationally available capacity and total scheduled quantity, all to communicate the data and any changes in a transparent, consistent and standardized format as soon as possible to Bulk Electric System operators.

MISO Comments regarding Recommendation 1: MISO is supportive of enhancing NAESB business practice standard(s), provided, however, the revisions increase transparency, consistency and standardization of natural gas systems operations data.

Recommendation 2: Argonne National Laboratory, with the direction and 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 NGinsight tool to provide improved situational awareness and communication between and among the gas pipeline system and the Bulk Electric System operators and to make it broadly accessible and useable to market participants.

MISO Comments regarding Recommendation 2: MISO is supportive of expanding the NGInsight tool, provided, however, the resulting tool is an enhancement over other existing tools and is not just a replication of natural gas systems operations data currently available via other means.

Recommendation 3: State public utility commissions and applicable regulatory authorities in states with competitive energy markets should engage with owners and operators of natural gas production facilities, the Natural Gas Supply Association and the Independent Petroleum

Association of America to adopt best practices for sharing near or real-time operational information concerning production facilities that will improve communications and situational awareness for Bulk Electric System operators [and market participants], including, potentially, through the Argonne National Laboratory's NGinsight tool.

MISO Comments regarding Recommendation 3: As noted in our above comments regarding Recommendation 2, MISO is supportive of expanding and enhancing the value of the NGinsight tool. In addition, MISO recommends the addition of state (or the applicable local) regulators to the recommendation given that FERC does not have jurisdiction over natural gas production facilities.

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. RM 14-2-000), FERC should direct the natural gas and electric industries to revise the business practice standards developed by NAESB to improve the efficiency and transparency of the processes to report, transact and facilitate capacity release.

MISO Comments regarding Recommendation 4: As noted in prior GEH Forum meetings, the capacity release market is already fairly well-defined. MISO supports that any enhancements serve to ensure material improvements for the benefit of natural gas and electric industries.

Recommendation 6: State public utility commissions and applicable regulatory 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 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, which includes serving electric generation. In instances where state authorities lack enabling authority to take such actions, FERC should adopt regulations to achieve identical or objectively similar outcomes.

MISO Comments regarding Recommendation 6: MISO supports this Recommendation as written to ensure natural gas markets are fully functioning on a 24/7 basis in preparation for and during events, including weekends and holidays as electric generation is also a customer of the natural gas system.

Recommendation 7: The ISOs and RTOs, through stakeholder processes and/or FERC, and through initiating and conducting proceedings, should adopt 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.

MISO Comments regarding Recommendation 7: MISO concurs that more could be done in the day ahead market to align the gas and electric days. Steps were already taken to change clearing times across the RTO markets although there remains a lack of uniformity across RTOs. Reforms made to better align the electric and natural gas day ahead markets will lead to

improved (but not guaranteed) operations and reliability in real-time. Therefore, Recommendation 7 should be viewed and considered for implementation in conjunction with Recommendation 6.

Recommendation 8: If not already under consideration through stakeholder processes, ISOs and RTOs and/or FERC, through initiating or conducting proceedings, should adopt 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.

MISO Comments regarding Recommendation 8: Extensive studies have been done in the past to evaluate this issue for which the results showed the cost associated with ISO/RTOs adopting a multiday unit commitment process would far exceed the benefits. In addition, there is no guarantee that a multiday unit commitment process alone would or substantially address the problem since weather conditions could change after the multiday unit commitment was completed. In lieu of implementing Recommendation 8, MISO believes a more cost-effective approach would be to combine aspects of Recommendations 6 and 7 as described above.

Recommendation 10: State public utility commissions with integrated resource planning or equivalent planning requirements should consider ways to improve upon cross-market, long-term planning by expanding collaboration requirements by relevant gas and electric market parties and considering an increased focus on fuel adequacy.

MISO Comments regarding Recommendation 10: MISO is supportive of this effort and believes this is an opportunity to improve integrated resource planning.

Recommendation 11: FERC, state public utility commissions and applicable regulatory authorities in states with competitive energy markets should consider whether market mechanisms are adequate to ensure that jurisdictional generators have the necessary arrangements for secure firm transportation and supply service and/or storage to avoid and/or mitigate natural gas supply shortfalls during extreme cold weather events, and if not, determine whether non-market solutions are warranted, including funding mechanisms borne by or shared by customers.

MISO Comments regarding Recommendation 11: MISO supports this recommendation as cost recovery under a state authorized mechanism provides the higher level of confidence needed to encourage generator owners/operators' to commit to firm supply/transport. Without this reasonable expectation of cost recovery for firm supply/transport, generator owners/operators are left to seek cost recovery of lower service levels (i.e., non-firm) and/or via the wholesale market(s) which elevates risk and is insufficient as a stand-alone incentive to spur the acquisition of firm supply/transport necessary to ensure reliable operations under extreme cold weather conditions.

Recommendation 12: Applicable state authorities should consider legislation or regulations that can be enacted or other actions that can be taken to create a secondary market for unutilized intrastate natural gas pipeline capacity or support bilateral agreements between end users in those

states with significant natural gas volumes. In instances where state authorities lack enabling authority to take such actions, FERC should adopt regulations to achieve identical outcomes.

MISO Comments regarding Recommendation 12: MISO suggests this recommendation be clarified (e.g., is the focus of this recommendation intrastate pipelines?). In addition, MISO supports a prioritized (versus a one-size fits all) approach where the focus is aimed at those states with significant natural gas volumes.

Recommendation 14: In those states with significant natural gas volumes, the applicable state authorities should consider the development of weatherization guidelines appropriate for their jurisdiction to support the protection and continued operation of well-heads and processing and gathering system facilities during extreme weather events and require transparency concerning weatherization efforts of jurisdictional entities.

MISO Comments regarding Recommendation 14: MISO strongly supports this recommendation based on recent extreme cold weather events. As with Recommendation 12, MISO supports a prioritized (versus a one-size fits all) approach whereby the focus is on those states with significant number (or volume) of well-heads and processing and gathering system facilities.

Recommendation 16: FERC and NARUC should collaborate to conduct, fund, and/or direct efforts to conduct a comprehensive study to determine whether market-incentivized investments in strategic natural gas storage facilities, are sufficient to address natural gas supply shortfalls during extreme cold weather events, and if the level of investment is sufficient to preserve such facilities for use during extreme cold weather events. The study should also explore whether public sources of funding are needed to secure sufficient storage, including the ability to offer increased access to storage on non-adjacent pipelines.

MISO Comments regarding Recommendation 16: MISO supports a study that would evaluate how storage capacity could be leveraged across pipelines, particularly since storage capabilities (e.g., caverns) exist and are limited to where geological characteristics are found. If the service structure regarding storage facilities could be reconfigured so that access and the cost of storage could be allocated and shared by entities directly or indirectly connected, it would allow more entities to cost-effectively access storage (i.e., avoid rate pancaking).

Recommendation 17: FERC and NARUC should collaborate to conduct, fund, and/or direct efforts to conduct a comprehensive study to determine whether and how much in the way of additional financial incentives for the natural gas infrastructure system, including infrastructure to provide additional firm transportation capacity, is necessary to support the Bulk Electric System to winterize or otherwise prepare to perform during extreme cold weather events would help to address natural gas supply shortfalls during such events.

MISO Comments regarding Recommendation 17: MISO believes this type of study could be helpful in identifying what level of financial incentive(s) would be necessary to drive investment.

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 was identified and discussed by the NAESB GEH Forum as a potential recommendation, we endorse this evaluation by the NAESB Wholesale Gas Quadrant.

MISO Comments regarding Recommendation 18: MISO supports the reconsideration of specific force majeure provisions in the standard NAESB Base Contract for Sale and Purchase of Natural Gas to improve transparency, responsibilities and clarity. The existing provisions are too broad, resulting in avoidable situations that can degrade the reliability of the respective systems and availability of gas during extreme events.

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

MISO Comments regarding Recommendation 9: MISO supports the continuation of resource adequacy and accreditation efforts.

MISO looks forward to working with GEH Forum participants as this effort moves forward.

Feel free to contact Bobbi Welch at (317) 650-5631 (BWelch@misoenergy.org) with any questions or comments.