Via email and posting

September 16, 2022

**TO:** NAESB Gas-Electric Forum and Interested Parties

**cc:** NAESB Board of Directors, Executive Committee (EC) Members, EC Alternates, Members, and Advisory Council

**FROM:** Rae McQuade, NAESB President & Jonathan Booe, NAESB Executive Vice President & COO

**RE:** NAESB Gas-Electric Forum Survey Responses - September 14, 2022 – General Comments

Dear NAESB Members, GEH Forum Participants and Interested Parties,

Please find below the comments received by the NAESB Office in response to the survey/request for comments that was distributed on September 7, 2022 <https://www.naesb.org/pdf4/geh092322w1.docx>. The following general comments were submitted.

| **Responses Submitted by September 14, 2022 – General Comments Related to Agenda Topics for the September 23 Meeting** |
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| **Question/Topic** | **General Comments Related to Agenda Topics for the September 23 Meeting** |
| **#** | **Organization** | **Representative** | **Market/Segment** | **Comment & Specific Recommendation** |
| 1 | LS Power | Marji Phillips | WEQ – Generator | It might be helpful to have representatives from the various sectors lay out their perspective of the issue, for example, LS's point that not every generator has to have a firm fuel contract to perform reliably and with excellence. Pipelines may have particular viewpoints. Of course, state and federal regulators, investor utilities and RTOs each have their concerns, too. One way to facilitate such a basic discussion is to utilize a tool employed by PJM: develop an issues matrix whereby stakeholders identify their concerns and preferred goals. |
| 2 | Aspen Environmental Group | Catherine Elder | Other/Observer | We today see increasing pressure to not build new gas infrastructure. As a result, we have to balance the impact of any infrastructure additions with the idea that they may or may not be in service for 50 to 70 years. Again, winterizing the wells seems like the least-cost option for maintaining existing gas supply under emergency conditions. |
| 3 | Natural Gas Supply Association | Pat Jagtiani | WGQ Producer | NGSA is committed to working with all stakeholders in this forum to ensure the resilience and reliability of both the natural gas and power sectors. The electric industry’s needs are changing and are expected to change dramatically in the coming years as more intermittent resources are integrated into the grid. Through this transition, gas generators will be increasingly relied upon to play an integral role in balancing the system.[[1]](#footnote-1) With the expected evolution of the resource mix, we can no longer ignore the central disconnect between the gas and power markets: generators are going to look to the natural gas industry for more flexibility as steeper ramping is demanded to balance greater levels of intermittent resources. Yet, the inability of gas generators to fully recover their fixed costs through existing products in organized power markets hampers their ability to invest in and support the development of gas infrastructure and services that may be needed to provide that level of flexibility. The availability of natural gas fuel supply for power rests on three fundamental pillars: 1. The mitigation and management of physical/operational disruptions that could affect the ability of the natural gas industry to honor its contractual commitments. 2. Ensuring sufficient natural gas infrastructure to meet a growing gas generator demand and increased flexibility to accommodate greater integration of increasing variable resources.3. Ensuring contractual arrangements and procurement practices are aligned with the level of reliability they require.Our expectation is that this forum at NAESB will provide a venue for discussion of these real, crucial, issues that must be addressed to ensure that sufficient gas infrastructure and services are available to meet the needs of our power as well as our other gas customers. Given the critical importance of having sufficient infrastructure in place to reliably meet growing power demand as well as the flexibility required to accommodate the way many gas generators use gas, we are pleased to see that gas infrastructure has been raised as a priority issue in this forum rather than simply recommended for further study as was originally suggested in the FERC-NERC Report.[[2]](#footnote-2)  |
| 4 | Dominion Energy | Michael Oberleitner | WEQ Generator | To the overarching issue addressed in Item 3, natural gas-fired generators must be properly incentivized to procure sufficient fuel, in advance of any cold-weather event. Much of the NAESB Gas Electric Forum Work Plan addresses assurances around sufficient firm pipeline capacity and firm natural gas supply, with no mention of the current misalignment between the ‘daily’ electric market and weekend “multi-day” natural gas market. To focus efforts solely on an adequate level of firm pipeline capacity and firm natural gas supply, without asking if the gas generator procured enough fuel in advance of a cold-weather event, does not address the entire gas generation availability issue.The ERCOT load shed event occurred on a Monday morning, which was the third day of a four-day holiday weekend. However, the vast majority of gas supplies were procured prior to the first day, of this holiday weekend, as the natural gas market predominantly traded four-day packages on that Friday before. Consequently, gas fired generators may not have purchased sufficient fuel because the next day electric market signal did not support the cost of the weekend gas supply package. By Monday morning, not only were incremental gas supplies not available, but the timing was outside the final pipeline nomination cycle, within that Gas Day. Further support for our hypothesis that gas-fired generators may not have purchased sufficient fuel in advance of the load shed event is supported by the considerable gas supply volumes consumed by non-generator market participants (e.g., gas exports to Mexico, gas volumes for LNG Feedstock, and industrials) who presumably did. Lastly, as the ERCOT event demonstrated, it is important to address the misalignment of the electric and natural gas markets to enhance bulk power system reliability in extreme weather conditions. |
| 5 | American Gas Association | Matthew Agen | WGQ Distributor | See Below |
| 6 | American Public Gas Association | Dave Schryver | WGQ Distribution | See Below |



*Filed Via Email (naesb@naesb.org)*

September 14, 2022

North American Energy Standards Board 1415 Louisiana Street, Suite 3460

Houston, Texas 77002

# RE: AGA’s Response to the Survey Issued on the Second Gas-Electric Forum

North American Energy Standards Board:

The American Gas Association (“AGA”) appreciates the opportunity to comment on the agenda of the second Gas-Electric Harmonization Forum (“GEH Forum”) meeting scheduled on September 23, 2022, requested by the North American Energy Standards Board (“NAESB”).

# Introduction

AGA, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 77 million residential, commercial and industrial natural gas customers in the U.S., of which 95 percent — more than 73 million customers — receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international natural gas companies, and industry associates. Today, natural gas meets more than one-third of the United States’ energy needs. AGA is an active member of NAESB and has participated in the various prior gas-electric coordination and harmonization efforts at NAESB and in other forums.

# Comments

NAESB has recently scheduled several GEH Forum meetings. The initial meeting occurred on August 30, 2022. The GEH Forum was convened because the Chairman of the Federal Energy Regulatory Commission (“FERC”), Richard Glick, and the President and CEO of the North American Electric Reliability Corporation (“NERC”), Jim Robb, submitted a letter to NAESB leadership on July 29, 2022, requesting a forum be convened. Specifically, the letter requested that NAESB take steps to convene the forum discussed in Key Recommendation 7 of the FERC/NERC Report on the February 2021 Cold Weather Outages in Texas and the South Central United States (“Winter Storm Uri Report”) issued in November 2021.1 During the initial meeting, FERC and NERC staff members presented the findings of the Winter Storm Uri Report that led to Key Recommendation 7 in the report. Key Recommendation 7 provides, among other things, that

1 *See* [https://www.ferc.gov/](http://www.ferc.gov/news-events/news/final-report-february-2021-freeze-underscores-winterization-)news-eve[nts/news/final-report-february-2021-freeze-underscores-winterization-](http://www.ferc.gov/news-events/news/final-report-february-2021-freeze-underscores-winterization-) recommendations.

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FERC should consider establishing a forum to identify actions to improve the reliability of the natural gas infrastructure system necessary to support the Bulk Electric System.

On September 7, 2022, NAESB issued a survey/request for comments (“September 7 Notice”) that will be utilized to shape the agenda of the second forum meeting on September 23, 2022. In the September 7 Notice, NAESB indicated that the agenda for the September 23, 2022 meeting would include “Item 3 from Recommendation 7. Measures to improve the ability of generators to obtain fuel during extreme cold weather events when natural gas heating load and natural gas-fired generators are both in high demand for natural gas, at the same time that natural gas production may have decreased.” NAESB requested comments on four specific areas related to Item 3 from Key Recommendation 7.

AGA believes that reliability of service for customers is an overarching priority for both the gas and electric industries. Below are a few preliminary recommendations and concerns about the GEH Forum.2

* The overall goal should be to preserve and enhance reliability for all customers, both gas and electric.
* Reliability efforts should be coordinated so that the reliability of one system is not achieved at the expense of the other system’s customers.
* Addressing reliability will require a better understanding of both the day-to-day operations of both systems and the longer-term impacts on operations, planning, and cost to consumers.
* The gas system, particularly natural gas utility service, is reliable and resilient. This is because natural gas utilities plan for the peak demand day (or winter peak) and use a portfolio of mechanisms to ensure that customers receive gas. This planning model helps ensure reliability.
* Harmonization should not focus narrowly on whether changes should be made to the gas industry as a solution for electric reliability concerns.
* Any harmonization effort must preserve the historical quality of service received by all firm pipeline customers.
* Natural gas utilities support the electric industry by providing service to generators.
* Electric generator planning processes should assess whether there is an over- reliance on interruptible or insecure fuel services, without back-up, to meet electric reliability needs.
* Any harmonization effort should draw on regional experience and expertise, stakeholders, including all relevant gas and electric interests, state commissions and agencies, *etc*.

2 NAESB should also clarify the impact of the unanimous “No Action” determination that the Joint Gas-Electric Business Practice Subcommittee recently submitted to the Joint Gas-Electric Executive Committee, which is currently pending, that included recommendations (R21006) similar to Key Recommendation 7. As it currently stands, that “No Action” determination suggests there is not support from those that worked for several months on R21006, and it is unclear how such opposition will be overcome.

Regarding the four specific questions NAESB raised in the September 7 Notice, each raises important issues for the GEH Forum to discuss; however, Question 3c is the most concerning to AGA. Specifically, Question 3c states:

Please provide comments and any specific recommendations for the forum attendees to consider regarding “Which entity has authority, and under what circumstances, to take emergency actions to give critical electric generating units pipeline transportation priority second only to residential heating load, during cold weather events in which natural gas supply and transportation is limited but demand is high.”3

AGA appreciates NAESB’s desire to foster gas-electric harmonization even in the midst of difficult operational circumstances. AGA recommends that the GEH Forum and NAESB refrain from taking any actions that would reduce services that natural gas utilities need to serve customers. The ability of local natural gas utilities (“LDCs”) to serve customers safely and reliably cannot be frustrated. The highest priority for a natural gas utility is the ability to deliver natural gas to its customers safely,4 reliably, responsibly, and at just and reasonable rates.5 Furthermore, LDCs are obligated, in accordance with applicable state law and regulatory requirements, to distribute the natural gas transported by interstate pipelines to retail residential, commercial, governmental, and industrial customers.6 Due to this obligation to serve, LDCs develop detailed long-term supply and transportation plans to ensure that they can reliably meet the physical demand for service on peak days both today and in the future. Acquiring and maintaining pipeline capacity and natural gas supply is an integral part of this planning process. Interstate pipelines play a critical part in the supply chain because the natural gas flowing through those pipelines is ultimately used by LDCs to serve customers that use natural gas in their homes, businesses, or industrial facilities (including electric generators). Ignoring natural gas utilities’ need for natural gas and pipeline capacity ignores the industry’s obligation to serve customers.

More broadly, redirecting natural gas supply and transportation capacity away from utilities, that have paid for the commodity and the transportation service, would threaten to undermine planning by LDCs to maintain reliable service to their customers. Residential and business customers expect and demand uninterrupted service for human need purposes, such as home heating, and business purposes. As an essential predicate to providing natural gas

3 The September 7 Notice quotes a section of Winter Storm Uri Report Key Recommendation 7.

4 Regarding safety, natural gas distribution pipeline systems are regulated by the Pipeline & Hazardous Materials Safety Administration, and its state partners, under 49 CFR Part 192.

5 Elements of a utility’s retail services are regulated at the state level.

6 Most laws or regulations that govern utility service include the concept of the “obligation to serve.” In short, this duty stems from the reality that when a franchise service territory is granted by a state or regulatory entity a public interest is established in maintaining reliable service. *See, e.g.,* 66 Pa. Cons. Stat. § 2207 (stating that “the natural gas distribution company shall serve as the supplier of last resort for residential, small commercial, small industrial and essential human needs customers and any other customer classes determined by the commission”); Nev. Admin. Code § 704.499 (stating that each utility shall exercise reasonable diligence and care to provide customers with natural gas and to the extent possible, should avoid any shortage or interruption).

distribution services, LDCs develop and implement detailed long-term supply plans7 that are subject to periodic update, review and approval processes, as applicable. 8 Guided by past experience and regulatory oversight, LDCs plan natural gas deliveries on a daily, weekly, monthly, and seasonal basis by matching supply resources to forecasted demand and preparing for “design day” conditions (or a historic “peak day” load). During the winter, LDCs typically use a full suite of supply assets and tools to fulfill the obligation to serve customers reliably and safely, both on an average day as well as a peak demand day. The goal of these gas supply plans is to ensure that natural gas utilities can reliably meet their projected physical demand for service on peak days. This process requires building and managing portfolios of physical natural gas supply, and building or contracting for storage and pipeline transportation services in order to meet anticipated peak day customer needs. NAESB and the GEH Forum should therefore not ignore the reliability consequences related to attempting to redirect gas away from LDCs and customers.

Current state and local energy service prioritization requirements are premised on the need to provide service for health and safety reasons, and such requirements are factored into how LDCs plan for peak day conditions. Prioritization of local service must remain subject to state and local jurisdiction and should not be revised by NAESB, FERC, or NERC. The forgoing entities do not have authority to redirect natural gas away from LDCs or utility customers and that authority should remain with state and local authorities.

Furthermore, interstate pipeline prioritization should remain subject to FERC’s authority under Commission approved tariffs and its non-discrimination policy.9 FERC policy since Order No. 436 has been to mandate non-discriminatory transportation of natural gas.10 Additionally, since Order No. 636, FERC has required that pipelines establish a level playing field for all shippers on the interstate pipeline system so that “no gas seller has an advantage over another gas seller,” and to “ensure that the benefits of [wellhead] decontrol redound to the consumers of natural

7 As one state court succinctly explained, “[n]ecessarily encompassed within a utility’s obligation to serve is an attendant obligation to plan and make reasonable provision for the continuing availability of its products or services in order to meet reasonably expected future demand, given the information which the utility possesses and the options open to it.” *People’s Org. for Wash. Energy Res. v. Utils. & Transp. Comm’n*, 104 Wn.2d 798 (Supreme Court of Washington, 1985).

8 This update, review, and approval process relates to both internal company practices and, where applicable, regulatory review. *See, e.g.*, Mass. G.L. c. 164, § 69I (the Massachusetts Department of Public Utilities shall approve or reject utility company long-range plans).

9 Notably, interstate and intrastate pipelines may have different prioritization mechanisms due to differing regulatory requirements. Even if local rules permit different prioritization, this should not impact interstate pipelines. Natural gas supply being transported via an interstate pipeline to an LDC in one state should not be adversely affected by local rules in another state.

10 *Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol,* FERC Stats. & Regs. ¶ 30,665 (1985)*, vacated and remanded*, *Associated Gas Distribs. v. FERC,* 824 F.2d 981 (D.C. Cir. 1987), *readopted on an interim basis*, Order No. 500, FERC Stats. & Regs. ¶ 30,761 (1987), *remanded*, *Am. Gas Ass’n v. FERC*, 888 F.2d 136 (D.C. Cir. 1989), *readopted*, Order No. 500-H, FERC Stats. & Regs. ¶ 30,867 (1989), *reh’g granted in part and denied in part*, Order No. 500-I, FERC Stats. & Regs. ¶ 30,880 (1990), *aff’d in part and remanded in part*, *Am. Gas Ass’n v. FERC*, 912 F.2d 1496 (D.C. Cir. 1990), *order on remand*, Order No. 500-J, FERC Stats. & Regs. ¶ 30,915, *order on remand*, Order No. 500-K, FERC Stats. & Regs. ¶ 30,917, *reh’g denied*, Order No. 500-L (1991).

gas to the maximum extent as envisioned by the NGPA and the Decontrol Act.”11 This goal has been manifested in various ways, including FERC’s specific requirement that capacity be allocated to those that value it the most, thus serving the policy of maximizing economic efficiency through the use of “allocative efficiency.” 12 Having NAESB attempt to alter pipeline capacity allocations to what it might deem as “better” or “less worthy” end-uses invites – rather than resolve – controversy, and would be completely inconsistent with the entire policy of non-discrimination and economic efficiency that FERC has consistently followed for decades. Additionally, AGA is concerned that any attempt by NAESB to redirect or reallocate pipeline capacity and supply would not only run afoul of state and federal requirements, it may also be inconsistent with any applicable contract terms and general contract law. AGA requests that any NAESB action or proposal not be contrary to state and federal laws/policies and not be inconsistent with contract law.

While AGA appreciates the fact that the September 7 Notice and Key Recommendation 7 references the importance of residential heating load, focusing on this single aspect of an LDCs service ignores various critical aspects of utility service. First, focusing only on residential heating, while appropriate in a cold weather event, ignores an LDCs general obligation to serve, as discussed above. Concerning the idea of maintaining supply for residential customers by controlling or limiting supply to other customer classes, many LDCs generally do not have the ability to selectively control curtailments to specific customers or groups of customers. The objective is to provide safe and reliable service to the entire distribution system. That includes support to all firm customers - picking and choosing is not an option. To the extent that an LDC could call for the interruption of service for certain customers, this would be subject to any applicable local regulations, tariffs, and the terms of service. For example, if a commercial customer only has contracted for interruptible service from the utility, then interruption in a weather event is an option. However, not all utilities have interruptible service schedules. Second, such a limited focus ignores the needs of LDCs to serve commercial customers that have a right to firm service and/or provide essential services such as hospitals, grocery stores, any place that might be a shelter during a weather event, entities with a natural gas generator, restaurants, and gas stations, *etc*. By limiting the focus to residential services only, NAESB and FERC/NERC disregard local requirements and the critical role that commercial and industrial customers may play during and after a weather event. AGA believes that this was an oversight on FERC and NERC’s part and one that must be remedied in the GEH Forum. NAESB should not devalue a LDC’s requirement to serve customers and the critical role that commercial and industrial users of natural gas provide to those in need.

11 *Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation; and Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol*, Order No. 636**,** FERC Stats. & Regs. ¶ 30,939, at 393, *order on reh’g*, Order No. 636-A, FERC Stats. & Regs. ¶ 30,950, *order on reh’g*, Order No. 636**-**B, 61 FERC ¶ 61,272 (1992), *order on reh’g*, 62 FERC ¶ 61,007 (1993), a*ff’d in part and remanded in part sub nom. United Dist. Cos. v. FERC*, 88 F.3d 1105 (D.C. Cir. 1996), *order on remand*, Order No. 636-C, 78 FERC ¶ 61,186 (1997).

12 *See, e.g*., Order No. 636-A at 30,555.

# Conclusion

The American Gas Association respectfully requests that NAESB consider these comments in response to its September 7 Notice. AGA looks forward to working with NAESB as part of the GEH Forum.

Respectfully submitted,

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September 14, 2022



September 14, 2022

North American Energy Standards Board:

The American Public Gas Association (APGA) respectfully submits these comments in response to the North American Energy Standards Board’s (NAESB) request for comments ahead of the NASEB Gas-Electric Harmonization (GEH) Forum’s September 23, 2022, meeting focused on items 3.a, 3.a.i, 3.b, and 3.b of the GEH Forum Work Plan.

# Introduction

APGA is the trade association representing more than 730 communities across the U.S. that own and operate their retail natural gas distribution entities. These include not-for-profit gas distribution systems owned by municipalities and other local government entities, all accountable to the citizens they serve. Public gas systems provide safe, reliable, and affordable energy to their customers and support their communities by delivering fuel to be used for cooking, clothes drying, and space and water heating, as well as for various commercial and industrial applications, including electricity generation.

NAESB serves as an industry forum for the development and promotion of standards which intend to lead to a seamless marketplace for wholesale and retail natural gas and electricity. Specifically, NAESB proposes and adopts voluntary standards and model business practices designed to promote more competitive and efficient natural gas and electric service. APGA has been exceedingly engaged in NAESB GEH efforts and offers the below comments for the committee’s consideration.

# Comments

During President’s Day weekend in February 2021, Winter Storm Uri brought extreme cold temperatures to much of the country, including areas not typically accustomed to such weather in the south, disrupting many aspects of natural gas and electricity markets. Electricity generation sources, including fuel-burning plants and wind turbines, were shuttered by both the freezing temperatures and scarce access to fuel, forcing electric curtailments and blackouts in parts of the southern United States. Some of these curtailments also resulted in loss of power to critical natural gas production facilities and compressor stations, which further strained natural gas deliveries that were already impacted by freeze offs and other equipment failure perpetuated by the severe weather.

Collectively, these circumstances created scarcity conditions that caused at least one interstate pipeline to use its human needs curtailment plan for the first time. However, actual customer curtailments for natural gas were quite limited. Few, if any, human needs customers lost service for any length of time. Still, record-setting natural gas prices spiked, impacting APGA’s members by imposing a severe economic burden on gas utilities that had no choice but to purchase natural gas fuel to keep the heat on in their communities. The price of natural gas reaching unimaginable levels and fatalities occurring due to

complications from the severe weather conditions over that weekend have necessitated appropriate action to prevent another such event.

In response to Winter Storm Uri, the Federal Energy Regulatory Commission (FERC) and North American Electric Reliability Corporation (NERC) initiated an investigation into the events of the weekend, culminating in the FERC/NERC Report on the February 2021 Cold Weather Outages in Texas and the South Central United States that was issued on November 16, 2021.[1](#_bookmark0) The report outlined several recommendations, including one that suggests “establishing a forum in which representatives of state legislatures and/or regulators with jurisdiction over natural gas infrastructure, in cooperation with FERC, NERC and the Regional Entities (which collectively oversee the reliability of the Bulk Electric System), and with input from the Balancing Authorities (which are responsible for balancing load and available generation) and natural gas infrastructure entities, identify concrete actions (consistent with the forum participants’ jurisdiction) to improve the reliability of the natural gas infrastructure system necessary to support the Bulk Electric System.” [2](#_bookmark1)

On July 25, 2022, FERC and NERC leadership sent a letter asking NAESB to convene such a forum,[3](#_bookmark2) in response to which NAESB agreed to host the GEH Forum. NAESB held an initial meeting on August 30, 2022, and has subsequently scheduled several additional meetings. On September 7, 2022, NAESB provided notice of and requested comments on the agenda for the second forum meeting on September 23, 2022, which will focus discussion on items from the GEH Forum Work Plan. While each agenda item raises important issues for the GEH Forum to consider, APGA is most concerned with Work Plan Item 3.c:

Which entity has authority, and under what circumstances, to take emergency actions to give critical electric generating units pipeline transportation priority second only to residential heating load, during cold weather events in which natural gas supply and transportation is limited but demand is high.

Reliability and affordability are critical to public gas utilities, as well as the natural gas and power sectors more broadly. Accordingly, APGA members have invested significant resources into infrastructure, as well as fuel procurement, and are committed to working with stakeholders to further these efforts. As policies make the electric grid more reliant on intermittent resources, natural gas will have an important role to play as a generation balancing fuel at times when the sun is not shining and the wind is not blowing. At the same time, natural gas will continue to play an effective and critical role through direct use, as the production and delivery of natural gas into homes and buildings is three times more efficient than grid- delivered electricity.[4](#_bookmark3) Due to the developing role of natural gas as a quickly dispatchable fuel to meet electric generation needs while still meeting traditional direct use needs, a central disconnect currently exists between the gas and power markets - something the GEH Forum has been created to address.

APGA, however, is concerned that Question 3.c runs counter to both public gas utilities’ obligation to serve their customers and the underlying contracts that facilitate such services. As local distribution companies (LDCs), APGA members are responsible for maintaining safe and reliable service to the customers in their communities, which include residential, commercial, and industrial end-users. To ensure availability of

1 Available at [https://www.ferc.gov/media/february-2021-cold-weather-outages-texas-and-south-central-united-](https://www.ferc.gov/media/february-2021-cold-weather-outages-texas-and-south-central-united-states-ferc-nerc-and) [states-ferc-nerc-and.](https://www.ferc.gov/media/february-2021-cold-weather-outages-texas-and-south-central-united-states-ferc-nerc-and)

2 *Id.* at 196.

3 [https://www.ferc.gov/media/joint-ferc-nerc-letter-naesb.](https://www.ferc.gov/media/joint-ferc-nerc-letter-naesb)

4 [https://playbook.aga.org/reliable.](https://playbook.aga.org/reliable)

fuel for delivery, public gas utilities and other LDCs have developed robust fuel procurement procedures to ensure long-term supply can be met for their customers. Such planning takes into account anticipated peak loads based on weather and a number of other conditions. Significant deviation is likely to result in costs that will ultimately be borne by the end consumers.

Any type of pipeline prioritization should remain squarely in FERC’s jurisdiction, through its approved tariffs and non-discrimination policy. Furthermore, APGA is not aware of any overarching entity that has authority to abrogate contractual agreements. In fact, granting such authority could undermine goals of ensuring electric generation plants are sufficiently incentivized to proactively procure adequate quantities of fuel in preparation for emergency situations. To ensure necessary supply for their customers, APGA members purchase gas under firm contracts, which are intended to guarantee delivery in all but the most extreme instances and are priced accordingly. Redirecting contractually obtained natural gas supply and capacity away from public gas utilities will place a significant burden on their communities that rely on the fuel for a number of end uses and should be avoided.

Instead of redirecting natural gas away from public gas utilities and other LDCs that have expended significant resources to meet their customers’ needs, the GEH Forum should explore other ways to incentivize ensuring that necessary amounts of fuel can be procured ahead of emergency situations. Potential solutions could include the development of additional infrastructure or new market structures. APGA looks forward to exploring such options through discussions with other participants in the GEH Forum.

Finally, since Winter Storm Uri, many legislators, regulators, and private entities have taken action to improve the resilience and reliability of both the natural gas and power sectors. Accordingly, it is important for NAESB and participants of the GEH Forum to understand this new landscape of requirements and voluntary actions before taking actions that may be duplicative or counterproductive.

\* \* \*

Thank you for your review and consideration of these comments in response to NAESB’s September 7, 2022 notice. APGA and its members look forward to further engaging with NAESB and the GEH Forum moving forward. If you have any questions regarding this submission, please do not hesitate to contact me.

Respectfully submitted,

David Schryver

President & CEO

American Public Gas Association

1. Very little analysis has been performed to analyze (1) whether, during peak conditions, existing gas infrastructure can adequately accommodate the anticipated steeper and more frequent ramping requirements of gas generators, without impacting gas industry operations and service to other shippers (and ultimately retail customers), and (2) how the electric industry could rely on pipeline flexibility to accommodate hourly flows beyond what the tariff provides, which is not always available, for their own electric reliability. [↑](#footnote-ref-1)
2. Federal Energy Regulatory Commission et al., FERC – NERC - Regional Entity Staff Report: The February 2021 Cold Weather Outages in Texas and the South- Central United States (FERC, November 2021): 233. [↑](#footnote-ref-2)