



ACES
excellence in energy

4140 West 99th Street
Carmel, IN 46032
t: 317.344.7000
f: 317.344.7001
www.acespower.com

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North American Energy Standards Board
801 Travis, Suite 1675
Houston, Texas 77002

RE: ACES' Comments - NAESB Wholesale Gas Quadrant Annual Plan Item 11.c

Dear NAESB Members,

ACES has been supportive of the NAESB process throughout and offers the following comments regarding the Recommendation to Support Consensus Standards currently before the Wholesale Gas Quadrant (WGQ).

As an independent risk management and trading solutions services company that transacts as a legal agent for its member Generation and Transmission Cooperatives and customers in five Regional Transmission Organizations (RTO) and Independent System Operators (ISO) and on 30 natural gas pipelines, ACES' participation in the NAESB Gas Electric Harmonization (GEH) forum held earlier this year and in this phase of the NAESB process is to encourage a coordinated gas and electric industry providing the requisite gas purchasing and pipeline scheduling flexibility as well as aligning RTO/ISO generation award timelines as the nation moves towards greater reliance on natural gas-fired generation.

The NAESB GEH forum meetings occurring from April through June 2014 yielded extensive debate and numerous gas scheduling standard alternatives for consideration. In the end, the GEH forum voted on four alternatives derived from the original Interstate Natural Gas Association of America (INGAA) gas-day proposal. The original INGAA proposal featured a 4 a.m. gas start day, later timely and evening nomination cycles, and three intraday nomination cycles. Other than the absence of a gas day start time, the original INGAA proposal is nearly identical to the current WGQ revised standard. Ironically, this original INGAA proposal with a 4 a.m. gas day start time had substantial support from gas industry participants early in the GEH forum process. Yet, support for the original INGAA proposal waned in late voting once gas industry participants coalesced against the 4 a.m. start time.

Furthermore, the very last vote that was taken during the GEH forum was to determine if there was support for changes that make up the revised standards that did not contain a gas start day. There was no consensus among the GEH, primarily because most electric industry participants were only amenable to the standards if

the package included a 4 a.m. gas start day. Proposed alternative features such as hourly nominations, four intraday nomination cycles, clean-up cycles, and establishment of separate east and west gas day start times were all rejected in the GEH process due to a lack of gas industry support. Despite the failed vote and rejection of alternative scheduling features, the NAESB Board moved forward with recommending the WGQ draft standards with all applicable harmonization provisions addressed except for start time of the gas day. Subsequently, there has been wide speculation throughout the energy industry that there is consensus on gas scheduling standard revisions that include all but the gas start time. ACES does not believe that this is an accurate depiction of the choices before the NAESB. Absent a 4 a.m. start to the gas day, numerous changes to scheduling standards will be required to compensate for the coordination advantages sacrificed by not having a 4 a.m. start to the gas day. ACES also believes there is opportunity to further improve the updated timelines for capacity release posting and award to better enable the robust, day-ahead capacity release market desired by the FERC.

Consistent with the gas day proposed in the Federal Energy Regulatory Commission's (Commission) March 20, 2014 Notice of Proposed Rulemaking (NOPR) in Docket No. RM14-2-000, ACES believes that the 4 a.m. gas start day proposed in the NOPR noted the best option to enable the harmonization of natural gas and electric industry schedules in order to achieve the most efficient scheduling systems for both industries. Accordingly, ACES is ambivalent toward supporting the WGQ's revised standard, and ACES' final recommendation as to how we vote remains to be determined. ACES hopes that if the revised standard is ratified by the NAESB Membership, that the Commission will maintain its 4 a.m. gas day start proposed in the NOPR. Consistent with FERC's embracement of a 4 a.m. start to the gas day, ACES believes that there will be no significant impact on manageability or reliability if merely a 6 a.m or 7 a.m. gas start day is adopted. Finally, ACES encourages natural gas pipelines and RTOs/ISOs to work toward minimizing their processing time of their scheduling, nomination, and awards processes to enable further market efficiency and more rapid market transparency.

Respectfully Submitted,

John W. Sturm

Vice President, Corporate and Regulatory Affairs