



**Gas-Electric Coordination
Quarterly Update**

Docket No. AD12-12

Item No:
September 19, 2013

Good morning Mr. Chairman and Commissioners. This presentation is the staff's third Quarterly Update on Gas-Electric Coordination Activities. It covers the period June 2013 through August 2013 and focuses on regional initiatives and docketed matters before FERC. This presentation focuses on regional initiatives since our last report, and briefly summarizes Commission initiatives as well as recent industry applications filed with the Commission. The full staff report will be publicly posted on the Commission's website.



Broadly speaking, each region continued some level of engagement and focus on issues of gas-electric coordination. The following slides provide an update on substantive developments since our last report, and are based on staff outreach and monitoring of the regional gas-electric coordination task force meetings.

We start with New England. According to recent discussions of the New England States Committee on Electricity (NESCOE) Gas-Electric Focus Group, the group has largely accomplished its initial objectives of information exchange and discussion of potential short-term supply reliability solutions. The Group plans to convene in October to discuss additional results from the New England pipeline capacity study being conducted by Black & Veatch. The recently finalized Study recommends a short-term strategy that includes immediate deployment of dual-fuel generation, demand response measures, and the seasonal purchase of LNG. In the long-term, a cross-regional natural gas pipeline solution is recommended, which will provide twice the net benefits to New England consumers than would be contributed by the firm-based Canadian energy imports solution.

ISO-NE continues to consider and file with the Commission market rule changes and other proposed solutions to address gas-electric issues.

Turning to the Mid-Atlantic, many members of INGAA, NGSAA, and AGA continue to be involved in the Eastern Interconnection Planning Collaborative (EIPC) in which PJM is leading the study as the principal investigator. A detailed scope of work for the study along with the final request for proposals was issued on August 2 with bids due August 30. Final work is scheduled to be completed by May 2015. A meeting of the stakeholder steering committee is scheduled for October 29-30 in Washington, D.C.

The Eastern Interconnection States' Planning Council (EISPC) conducted roundtable discussions in August with Commissioner Moeller, national electric and natural gas industry associations as well as end-user associations participating. Panelists were asked to share concerns and potential solutions for consideration by the collaborative and study consultants as they begin work on the long-term Electric and Natural Gas Infrastructure Requirements Study and Whitepaper. The Study and the Whitepaper are expected to cover infrastructure requirements under different scenarios and address such issues as planning and confidentiality procedures. The anticipated completion date is June 2014.

Levitan & Associates presented NYISO with its Fuel Assurance Study findings in June. This study examined the relative cost and benefit of providing fuel assurance through dual-fuel capability against incremental cost of obtaining firm transportation entitlement from a liquid sourcing point to the delivery points of a gas-fired generator; and grid security.



At its August meeting, MISO's Electric-Natural Gas Coordination Task Force presented the preliminary results of Phase III of the MISO Gas-Electric Interdependency Analysis. The preliminary results showed that recent pipeline capacity additions have contributed to a decrease in the number of days in which capacity would have been unavailable for the majority of the MISO-region pipelines; and suggested natural gas supply diversity is expected to increase in the region supporting incremental demand growth. Final results are expected to be presented at the September 15, 2013 Task Force meeting. MISO is also working on a number of whitepapers such as: the potential misalignment of gas and electric schedules; communication enhancements and operational awareness improvements; and adjustments to the energy and capacity markets.

Turning to SPP, the Gas-Electric Coordination Task Force conducted a natural gas-fired generator survey, held training sessions with gas pipeline and marketer personnel, and implemented a visual pipeline mapping tool. The Task Force is in discussions regarding a potential study for its region similar to the EIPC study.

ERCOT continued regional coordination efforts during third quarter. ERCOT participated in a Texas Energy Reliability Council (TERC) conference call on July 10 examining gas storage status, summer electric generation needs affecting gas demand, and any planned pipeline maintenance that might affect delivery; no issues were noted. ERCOT is also working to finalize a Non-Disclosure Agreement that is reported to allow the cross industry sharing of protected or confidential gas infrastructure information from gas pipelines and suppliers and detailed electric infrastructure information from ERCOT, transmission and distribution companies, and black start resources.

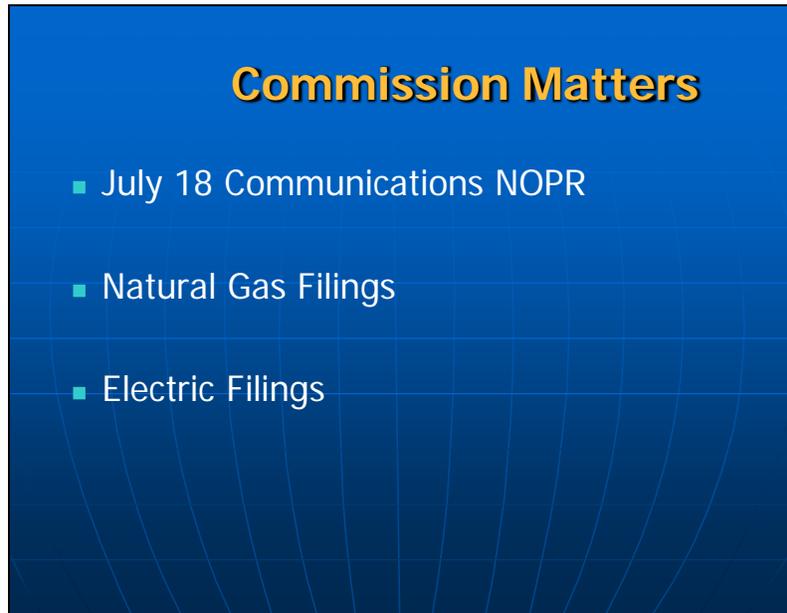


The West has a number of subregional natural gas-electric coordination initiatives.

The Western Gas-Electric Regional Assessment Task Force issued an RFP for its Western Natural Gas – Electric and System Flexibility Assessment introduced last quarter. The two-phase study will be led by the Technical Advisory Group (TAG) with representation from industry, regulators, and others. The selection of contractors was made on September 6. The initial study results are expected to be completed in a 9-month period, three months dedicated to Phase I and six to Phase II, with final results due at the end of 2014.

The Pacific Northwest Utilities Conference Committee's (PNUCC) Power & Natural Gas Planning Taskforce is exploring a second phase I-5 Corridor study based on the initial ColumbiaGrid Gas-Electric Interdependencies Study. The second phase of the study will explore how the system would respond to increased natural gas generation sited in the I-5 corridor, and if the system is able to handle large swings driven by gas demand from power plants and direct service companies. The Task Force hopes to begin the analysis by its October Task Force meeting.

Both the California ISO and the Desert Southwest Task Force continue with similar work as reported in prior quarters.



We now turn to matters before the Commission. On July 18, the Commission issued notice of proposed rulemaking to address information sharing and communications issues between the natural gas and electric industries. These proposed rules built on the discussions and information learned from conferences and comments filed with the Commission following the February 13 technical conference.

In brief, the proposed rule would revise regulations to authorize expressly the sharing of non-public operational information between the interstate natural gas pipelines and electric transmission operators – not just during emergencies but also for day-to-day operations, planned outages, and scheduled maintenance. It would also adopt a No-Conduit Rule to prohibit recipients of non-public operational information from subsequently disclosing, or using anyone as a conduit for the subsequent disclosure of that information to a third party.

The Commission received 33 comments in response to the proposed rule.

Relevant Natural Gas Filings

Region	Pipeline	Capacity/Initiative	Docket No.
Mid-Atlantic	Eastern Shore Natural Gas Company	Capacity expansion ~55,200 Dth/d	CP13-498
Southeast	Transcontinental Gas Pipe Line Company	Capacity expansion ~225,000 Dth/d	CP13-523
Southeast	Gulf South Pipeline Company & Petal Gas Storage	Alternative No-Notice Service	RP13-1245-000 & CP13-532-000

A few individual filings relevant to gas-electric coordination have been filed with the Commission. The Commission received two applications to expand pipeline capacity serving electric generation and one application to increase operational flexibility.

The two pipeline capacity expansions were: (1) Eastern Shore’s White Oak Lateral Project in Kent County, DE proposing to add 55.2 MMcfd of transportation capacity for Calpine Energy Services, LP for use in the Garrison Energy Center, a proposed 309-MW combined cycle power plant under development; and (2) Transco’s Mobile Bay South III Expansion Project, proposing to add 225 MMcfd of firm transportation capacity to serve two anchor shippers - Southern Company Services, Inc. and PowerSouth Energy Cooperative - both operate a substantial portion of gas-fired generation in the Southeast and Florida. Gulf South pipeline filed tariff records proposing a new Alternative No-Notice Service designed to meet the requirements of local distribution companies, electric generation markets, and other customers that desire a flexible no-notice service.

Relevant Electric Filings

Entity	Filing Initiative	Docket No.
Dominion Energy Marketing & ISO-NE	Recover over \$336,095 in fuel costs as well as regulatory costs, and new cost recovery trigger	ER13-1291 & EL13-72
ISO-NE and New England Power Pool	Forward reserve market incentives changes	ER13-1733
ISO-NE and New England Power Pool	Reserve market revisions to more accurately reflect ISO-NE initiated reliability actions in market prices	ER13-1736
ISO-NE and New England Power Pool	A reliability project for winter 2013-14	ER13-1851
ISO-NE and New England Power Pool	Offer flexibility changes	ER13-1877
ISO-NE	Results of bidding in its Winter 2013-2014 Reliability Program	ER13-2266

Recent filings made by the electric industry to address increasing reliance on natural gas-fired generators as well as previously-reported filings that have been the subject of recent Commission action are highlighted on this slide. A majority are from the Northeast region and include a compliance filing addressing a proposal by a generator to recover fuel costs incurred to support reliability during a cold weather event; and proposed rule changes filed by ISO-NE and NEPOOL to incent better resource performance, more accurately reflect reliability actions taken by ISO-NE in market prices, develop a reliability project for winter 2013/14, and provide market participants with flexibility to change their energy market offers in real-time. Additional information about these filings is included in the full staff report.

Staff’s next quarterly report is due in December. Staff will continue regular outreach with national and regional entities and with regulated entities regarding their efforts on gas-electric coordination. This concludes today’s presentation of the third Quarterly Update on Gas-Electric Coordination Activities. We are available to answer any questions you may have.



Gas-Electric Coordination Quarterly Update

Docket No. AD12-12

Item No:
September 19, 2013