

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Coordination between Natural Gas and Electricity
Markets

Docket No. AD12-12-000

SUPPLEMENTAL NOTICE OF TECHNICAL CONFERENCE

(July 24, 2012)

As announced in the Notices issued on July 5, 2012¹ and July 17, 2012,² the Federal Energy Regulatory Commission (Commission) staff will hold a technical conference on Monday, August 6, 2012, from 9:00 a.m. to approximately 5:30 p.m. to discuss gas-electric coordination issues in the Central region. The agenda and list of roundtable participants for this conference is attached. This conference is free of charge and open to the public. Commission members may participate in the conference.

The Central region technical conference will be held at the following venue:

St. Louis, MO
Hilton St. Louis at the Ballpark
1 South Broadway
St. Louis, MO, 63102, USA
Tel (reservations and other information):
1-314-421-1776
1-877-845-7354 (toll free)

If you have not already done so, those who plan to attend the Central region technical conference are strongly encouraged to complete the registration form located at: www.ferc.gov/whats-new/registration/nat-gas-elec-mkts-form.asp. There is no deadline to register to attend the conference. The dress code for the conference will be business

¹ Coordination between Natural Gas and Electricity Markets, Docket No. AD12-12-000 (July 5, 2012) (Notice Of Technical Conferences) (<http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13023450>); 77 Fed. Reg. 41184 (July 12, 2012) (<http://www.gpo.gov/fdsys/pkg/FR-2012-07-12/pdf/2012-16997.pdf>).

² Coordination between Natural Gas and Electricity Markets, Docket No. AD12-12-000 (July 17, 2012) (Supplemental Notice Of Technical Conferences) (<http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13029403>).

casual. The agenda and roundtable participants for the remaining four technical conferences will be issued in supplemental notices at later dates.

The Central region technical conference will not be transcribed. However, there will be a free audiocast of the conference. The audiocast will allow persons to listen to the Central region technical conference, but not participate. Anyone with Internet access who desires to listen to the Central region conference can do so by navigating to www.ferc.gov's Calendar of Events and locating the Central region technical conference in the Calendar. The Central region technical conference will contain a link to its audiocast. The Capitol Connection provides technical support for audiocasts and offers the option of listening to the meeting via phone-bridge for a fee. If you have any questions, visit www.CapitolConnection.org or call 703-993-3100.³

Information on this and the other regional technical conferences will also be posted on the website www.ferc.gov/industries/electric/indus-act/electric-coord.asp, as well as the Calendar of Events on the Commission's website www.ferc.gov. Changes to the agenda or list of roundtable participants for the Central region technical conference, if any, will be posted on the website www.ferc.gov/industries/electric/indus-act/electric-coord.asp prior to the conference.

Commission conferences are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations, please send an email to accessibility@ferc.gov or call toll free 1-866-208-3372 (voice) or 202-502-8659 (TTY), or send a FAX to 202-208-2106 with the required accommodations.

For more information about this and the other regional technical conferences, please contact:

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³ The audiocast will continue to be available on the Calendar of Events on the Commission's website www.ferc.gov for three months after the conference.

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Kimberly D. Bose,
Secretary.



Coordination Between Natural Gas and Electricity Markets

Docket No. AD12-12-000

Central Region- August 6, 2012, St. Louis, MO

Agenda

9:00 - 9:15 Welcome and Opening Remarks

9:15 - 9:45 Regional Energy Infrastructure Presentation (FERC staff)

**9:45 – 12:15 First Roundtable Discussion:
Gas-Electric Scheduling and Market Structures/Rules**

Certain commenters in this proceeding expressed concern regarding the level of fuel certainty to support resource adequacy broadly, as well as the fuel certainty of products in organized wholesale electric markets administered by RTOs such as MISO and SPP. Several commenters favor viewing RTO/ISO and non-RTO/ISO markets differently. Others state that further harmonization of gas-electric scheduling times is needed. Just as it is difficult for a natural gas pipeline to justify and finance a pipeline expansion in the absence of long-term firm gas transportation purchase commitments, so too would it be difficult for a gas-fired merchant generator to commit to firm gas supply and transportation contracts in the absence of long-term electricity sales contracts or markets. Further, several commenters state that generators often face challenges in managing fuel procurement risks because the timing of natural gas purchase and delivery arrangements is not synchronized with the timeframe for bidding into wholesale electric markets. However, as many commenters point out, several pipelines and storage facilities in the Central region offer additional services that provide flexibility beyond traditional firm and interruptible transportation and storage services.

Roundtable participants are encouraged to be prepared to respond to the following:

1. Describe the market rules, policies or practices in wholesale electric and natural gas markets that you believe negatively or positively impact the procurement of gas transportation and storage capacity purchases by gas-fired generators. For the area defined as Central for purposes of this conference, are the rules in the organized markets aligned with state-level policies? Should the Commission approach the gas-electric

issues in the SPP and MISO energy markets differently than organized markets elsewhere with different retail structures? Are there market, regulatory, or other factors that disincent long-term bilateral supply contracts between electric load serving entities and merchant gas-fired generators, that might enable those generators to procure firmer fuel supplies whether through appropriate transportation or storage purchases? What are those factors, and how might we address the region specific options available?

2. What reforms, if any, need to be made to the organized electric markets' rules to provide for rate recovery for any necessary gas infrastructure expansion?⁴

3. How does a gas-fired generator balance real-time electric market dispatch and compensation with pipeline scheduling, dispatch and balancing requirements? Is there a need for modifications to either electric market or pipeline requirements in these areas?

4. Should natural gas and electric markets schedules be harmonized on a national level? Are more targeted or region specific solutions available? Recognizing that some pipelines offer additional nomination opportunities beyond the current standards, could regional solutions offer greater efficiency building upon the specific extra-flexible pipeline services available within a region?

5. To what extent do existing enhanced/tailored services of natural gas pipelines and storage providers accommodate the needs of power generators to access gas supplies in a timely manner? What is needed for gas pipelines and storage providers to provide such services?

12:15 – 1:00 Break

1:00 – 2:45 Second Roundtable Discussion: Communications/Coordination/Information-Sharing

Many commenters in this proceeding recommend that improving communications and coordination during weather, outage, or shortage events should be addressed in the near-term. Areas identified for better communication and coordination between the industries include communications protocols for emergency outages, coordinated maintenance outage scheduling and long-term planning. There is also industry concern regarding whether certain types of communications between pipelines, RTOs/ISOs, and generators were inconsistent with federal regulations, specifically the Standards of Conduct. According to the FERC Standards of Conduct, part 358 of the Commission's regulations (18 C.F.R. § 358) governs communications between natural gas and

⁴ A 2004 Report by the NERC Gas/Electricity Interdependency Task Force concluded, among other things, that pipeline tariffs for firm delivery service are not compatible with peaking generation economics in many electricity markets.

electricity transmission providers and their marketing affiliates. It does not govern communications *between* the two industries nor does it govern communications with RTOs/ISOs. Therefore, we do not believe the FERC Standards of Conduct would be considered a barrier to appropriate communications between gas and electric transmission providers, generators and RTOs/ISOs in most instances. However, communications between the gas and electric industries are governed more broadly by sections of the Federal Power Act⁵ and the Natural Gas Act⁶ that prohibit any undue preference or advantage to any person.

Roundtable participants are encouraged to be prepared to respond to the following:

1. What is the nature of information that is currently available and currently being shared between industries (e.g., outage and maintenance coordination; planning; emergency notifications)? What information that currently is not being shared, should be shared?
2. What kind of coordination would be necessary, and what kind of information would be shared and with whom, when constraints or supply or transportation disruptions on the gas system pose deliverability concerns for all gas customers during emergency situations?
3. What has been the impact of FERC Order No. 698,⁷ and are the protocols established in 2007 still adequate in today's energy environment?

2:45 - 3:00 Break

**3:00 – 5:00 Third Roundtable Discussion:
Reliability**

The bulk electric system is typically planned, as required by the mandatory reliability standards, to meet projected customer demands and system performance criteria, even under single element contingency conditions. Interstate natural gas pipelines are planned and expanded to meet firm gas delivery contracts between the pipelines and one or more shippers. Many commenters in this proceeding indicated they expect an increased reliance on natural gas generation in the coming years, due to

⁵ 16 U.S.C. 791 *et seq.*

⁶ 15 U.S.C. 717 *et seq.*

⁷ *Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities*, Order No. 698, 72 *Fed. Reg.* 38757 (July 16, 2007) *FERC Stats. & Regs.* ¶ 31,251 (June 25, 2007).

economic and national policy factors. These commenters expressed concerns about the future reliability and interdependencies of the bulk electric system and the interstate natural gas pipeline system as the amount of natural-gas fired generation increases.

Roundtable participants are encouraged to be prepared to respond to the following:

1. Is there a need for a minimum level of dependability in the fuel supply for gas-fired generators? How would it be defined, who would define it, and what would be the mechanism for accomplishing this? Should this be addressed through RTO rules, NERC standards, or other mechanisms?
2. Are coordinated studies of the natural gas and electric systems needed to analyze forecasted resource mix and/or interdependency risks from curtailments or contingencies? Can this be addressed through existing transmission planning processes or is a different process needed?
3. A number of commenters in this proceeding referred to recent functional exercises that allowed participants from the natural gas and electric industries, as well as state regulators, to assess emergency response plans and provided a forum to discuss and implement improvements.⁸ Were these exercises worthwhile? Are emergency response simulation exercises conducted in the Central region? Should all regions routinely conduct similar functional exercises?
4. Is there a need for greater coordination of operating procedures between the natural gas and electric industries? In particular, should maintenance outages or the response to forced outages be better coordinated? Are there legal, commercial, grid security, or technical impediments to doing so?
5. Is the timing needed to get gas infrastructure built an issue? If so, what actions would be needed, including possible policy changes or refinements of the Commission's certificate process, to facilitate expedited processing of gas infrastructure projects in regions facing immediate capacity constraints?

5:00 – 5:30 Closing

⁸ See, e.g., Texas Pipeline Association March 30, 2012 Comments, Docket No. AD12-12-000 at 2 (responding to Commissioner Moeller's February 3, 2012 Request for Comments).

Roundtable Participants:

- Thure Cannon, Executive Director, Texas Pipeline Association
- Ron Christian, Executive Vice President - Chief Legal and External Affairs, Vectren Corporation
- Curtis Dallinger, Director, Gas Resource Planning, Xcel Energy
- Trip Doggett, President & CEO, ERCOT
- Gary Gibson, Director Distribution, City Utilities of Springfield, MO
- Scott Glaeser, VP Gas Transmission and Supply, Ameren
- Bill Green, Vice President, Natural Gas Sales, Devon Energy
- C. Gregory Harper, Senior Vice President and Group President, Pipelines & Field Services, Centerpoint Energy, Inc.
- David Hathaway, Director, Electric Supply & Operations, Wisconsin Public Service Corporation
- Robert Hayes, Vice President of Physical Trading and Operations, Calpine Corporation
- Jeff Hicken, Manager, Gas Trading and Dispatch, Alliant Energy
- Skip Horvath, President, Natural Gas Supply Association
- Terry Huch, Director of Raw Materials Procurement, CF Industries (Process Gas Consumers)
- The Honorable Robert Kenney, Chair, Missouri Public Service Commission
- Ronald Kitchens, Chairman, Texas Energy Reliability Council
- John Moura, Associate Director, Reliability Assessment, NERC
- Michael McMahon, Senior Vice President and General Counsel, Boardwalk Pipeline Partners
- Ray Miller, Vice President, Pipeline Management, Kinder Morgan
- Clair Moeller, Vice President of Transmission Asset Management, MISO

- Ronald Mosnik, Director, Gas Supply, Integrys Energy Group
- The Honorable Donna L. Nelson, Chair, Public Utility Commission of Texas
- Liam Noailles, Manager, Market Operations, Xcel Energy
- Leonard Phillips, Manager, Natural Gas Distribution, City Utilities of Springfield, MO
- Adrian Pieniasek, Director, Market Policy, ERCOT Region, NRG Energy Inc.
- Joseph Pollard, Director, Commercial Services, US Pipelines, TransCanada
- Bruce Rew, Vice President, Operations, SPP
- Richard Ross, Director, RTO Regulatory - West, American Electric Power
- Richard Smead, Director, Navigant Consulting (America's Natural Gas Alliance)
- Bill Smith, Executive Director, Organization of MISO States
- Andrew Soto, Senior Managing Counsel, American Gas Association
- Randall Van Aartsen, Director, Fuel Supply, We Energies