

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

Office of Commissioner Philip D. Moeller

February 3, 2012

**Request for Comments of Commissioner Moeller
on Coordination between the Natural Gas and Electricity Markets**

The natural gas and electricity industries provide a service that is critical to health and safety in this nation. Yet recent events have illustrated why the interdependence of these industries merits careful attention. In short, this nation must ensure that outages and reliability problems are not the result of the lack of coordination between the electricity and gas industries.

As we have seen over the last few years, natural gas is being used much more heavily in electricity generation. This trend appears likely to accelerate as coal-powered generation is retired, renewable energy resources require more backup by natural gas plants, and low natural gas prices encourage more use of gas. And recent problems, most importantly, the southwest outage in February 2011, suggest that more resources need to be allocated to planning for the increased use of natural gas to generate electricity.

Although comprehensive solutions may take longer to implement, we must make actual improvements to the system now. Thus, national and regional policies need to be advanced prior to the next heating season.

In this light, I expect that a wide range of groups and individuals will be interested in providing FERC with their comments on the best approaches, and to that end, I have the following questions:

Specifically, what role should the Federal Energy Regulatory Commission have in overseeing better coordination? What duties, if any, should be delegated to the North American Electric Reliability Corporation (NERC), the North American Energy Standards Board (NAESB), or other entities?

To what extent should FERC defer to various regions of the country in addressing these challenges? Should FERC view organized electricity markets differently from bilateral electricity markets? If regional deference is given, what role should FERC play to assure that regional agreements are adhered to?

The expanded use of natural gas for electricity generation is likely to change flows on the natural gas pipeline system. Does FERC need to address this issue?

Within each day, electricity trading differs significantly from gas trading. Similarly, on a day-to-day basis, the various gas markets may not be open on the same days as the corresponding electricity market, especially over Saturdays, Sundays, and Holidays. How should FERC help to harmonize these markets?

What will be the impact of the expected retirements of coal and oil-fired generation on the need for gas and electricity coordination?

To what extent should FERC consider modifying its existing Standards of Conduct with regulated utilities—either on an emergency basis or in a more fundamental manner—to assure greater coordination of these industries?

Will progress on this issue be faster if policies are addressed in several “baskets”, such as communication, operation, contracting, and planning/contingency analysis? If so, what are the appropriate “baskets”?

I look forward to promptly hearing your thoughts on this important topic, and would appreciate a response by February 29, 2012.

[Regarding the Due Date for Comments
on Coordination between the Natural Gas and Electricity Markets](#)

[The response to my request for comments has been surprisingly strong, and many people have expressed an interest in commenting. In an effort to encourage more detailed comments that can result in stronger improvements to the electric and gas industries, I am extending my comment date to March 30, 2012.](#)