

March 31, 2015

NATURAL  
GAS

# Gas-Electric Interdependence

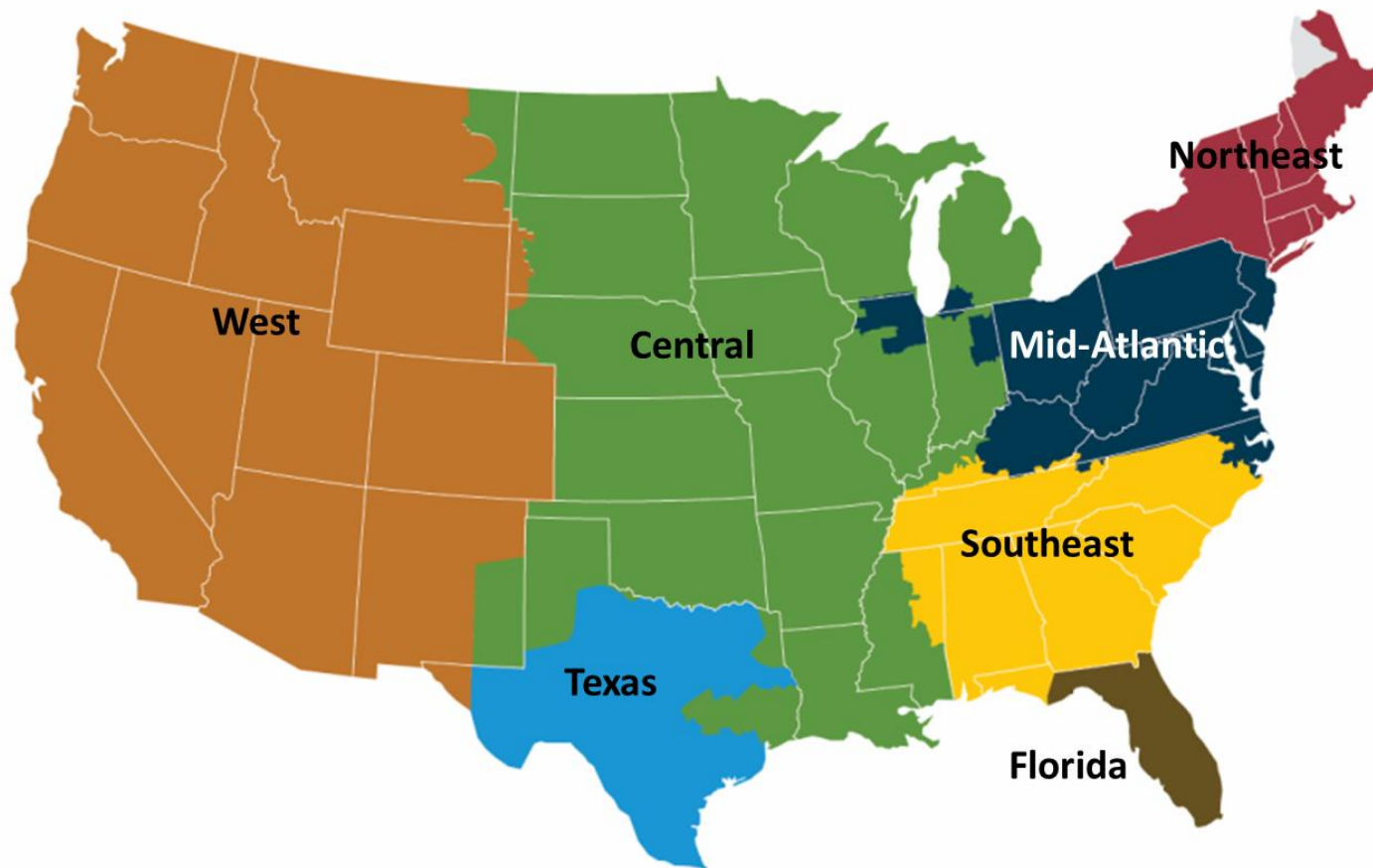
Changes to the Gas Nomination Schedule to  
Improve Coordination of Natural Gas and  
Electricity Markets



AGA  
American Gas  
Association

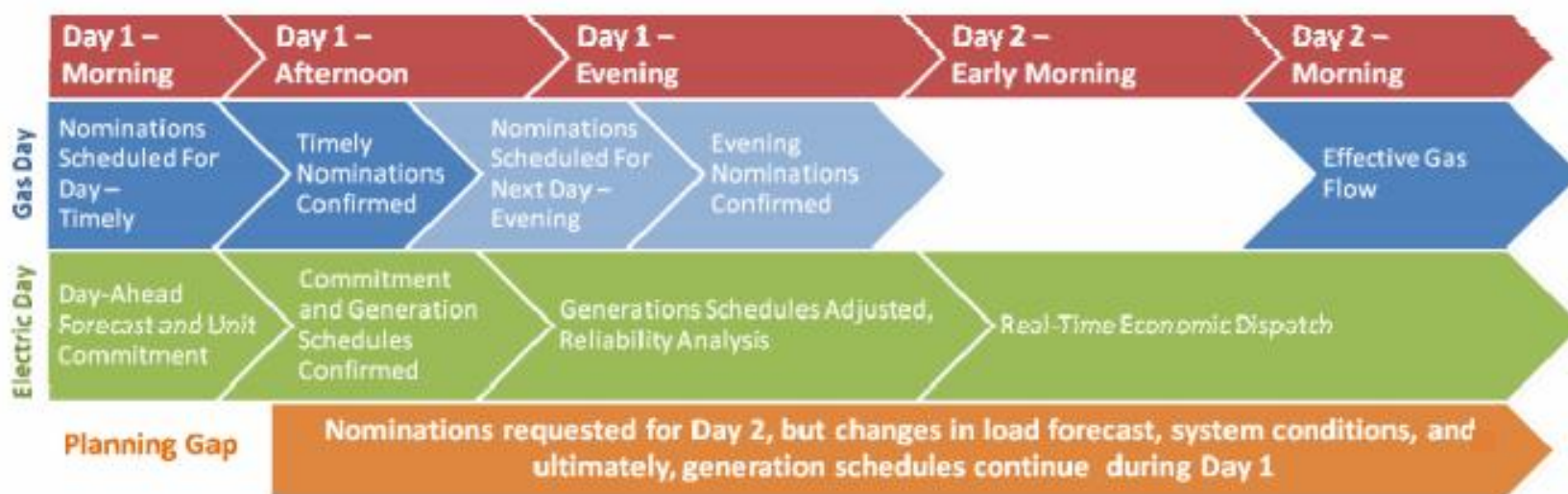
# FERC's Outreach

- Gas-electric scheduling and market structure rules
- Communications and information-sharing
- Reliability



Source: EIA

# Natural Gas and Electric Operating Day



Source: NERC

# FERC NOPR RM14-2-000

- FERC Proposal
  - Move the start of the gas day to 4:00 a.m. CT
  - Extend Timely Nomination Deadline to 1:00 p.m. CT
  - Provide for 4 standard intraday nomination cycles at
    - 8:00 a.m.; 10:30 a.m.; 4:00 p.m.; and 7:00 p.m.
  - Directed the natural gas and electricity industries, working through NAESB, to reach consensus on modifications to the gas nomination schedule

# FERC NOPR

## RM14-2-000

<b>Gas Nomination Timeline (all times Central Clock Time)</b>						
<b>Cycles</b>	<b>Nomination Deadline</b>	<b>Confirmations</b>	<b>Schedule Issued</b>	<b>Start of Gas Flow</b>	<b>Remaining Gas Day</b>	<b>Firm Bumping Rights</b>
Timely	1:00 p.m.	4:00 p.m.	4:30 p.m.	4:00 a.m.	N/A	N/A
Evening	6:00 p.m.	9:00 p.m.	10:00 p.m.	4:00 a.m.	N/A	Bumpable
Intraday 1	8:00 a.m.	10:30 a.m.	11:00 a.m.	12:00 noon	16 hours	Bumpable
Intraday 2	10:30 a.m.	1:30 p.m.	2:00 p.m.	4:00 p.m.	12 hours	Bumpable
Intraday 3	4:00 p.m.	5:30 p.m.	6:00 p.m.	7:00 p.m.	9 hours	Bumpable
Intraday 4	7:00 p.m.	8:30 p.m.	9:00 p.m.	9:00 p.m.	7 hours	No-bump

# NAESB Process

- April, 2014 – NAESB Board of Directors activated Gas Electric Harmonization Forum to consider alternative consensus proposals
- September, 2014 – NAESB staff filed consensus standards to the FERC NOPR. If adopted by FERC, eventual inclusion in pipeline tariffs
  - 1 p.m. CT Timely and 6 p.m. CT Evening day-ahead nomination
  - Provide for 3 standard intraday nomination cycles at
    - 10 a.m.; 2:30 p.m.; and 7 p.m.
  - Retains No Bump Rule
  - Did not specify a Gas Day start time

# NAESB Modified Standards

<b>Modified Gas Nomination Timeline (all times Central Clock Time)</b>					
<b>Cycles</b>	<b>Nomination Deadline</b>	<b>Confirmations</b>	<b>Schedule Issued</b>	<b>Start of Gas Flow</b>	<b>Firm Bumping Right</b>
Timely	1:00 p.m.	4:30 p.m.	5:00 p.m.	start of gas day	N/A
Evening	6:00 p.m.	8:30 p.m.	9:00 p.m.	start of gas day	Bumpable
Intraday 1	10:00 a.m.	12:30 p.m.	1:00 p.m.	2:00 p.m.	Bumpable
Intraday 2	2:30 p.m.	5:00 p.m.	5:30 p.m.	6:00 p.m.	Bumpable
Intraday 3	7:00 p.m.	9:30 p.m.	10:00 p.m.	10:00 p.m.	No-bump

# Comments in Response to FERC NOPR RM14-2-000

- More than 80 parties and groups filed comments by November, 2014
- Widespread support for NAESB recommended standards
- Natural gas industry opposed 4:00 a.m. CCT
- Electric side was mixed



**When will FERC issue the final rule?**

# Important takeaways

- As more and more natural gas is being used to generate electricity, investments must be made in a robust natural gas infrastructure.
- Little more can be gained in terms of electric reliability by improvements in the efficiency of the existing natural gas infrastructure.
- Organized electric markets must provide cost recovery mechanisms for investments in natural gas infrastructure.

# Examination of Fuel Supply and Gas Infrastructure Issues

- ISOs/RTOs filed reports on the status of their efforts to address fuel assurance
- ISOs/RTOs directed to explain:
  - How its market rules address fuel assurance challenges
  - Identifying the fuel assurance issues most relevant to its markets
  - Describing set of actions it has already taken or propose to undertake to address these issues

# Examination of Fuel Supply and Gas Infrastructure Issues

- RTOs/ISOs filed reports in February, 2015
- RTO/ISO Report Themes:
  - Regional and arise in different ways across the country
  - Each RTO/ISO addressing fuel assurance in their own way



## Michaela Burroughs

400 N. Capitol Street, NW  
Washington, DC 20001

(202) 824-7311

[mburroughs@aga.org](mailto:mburroughs@aga.org)

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