



AMERICAN PUBLIC GAS ASSOCIATION

July 21, 2021

Dear Mr. Desselle & Ms. Crockett:

The American Public Gas Association (APGA) respectfully submits these comments in response to the North American Energy Standards Board (NAESB) Gas-Electric Harmonization (GEH) Committee's request for comments seeking feedback on the committee's direction in response to recent events, including the severe winter weather over President's Day weekend known as Winter Storm Uri, and/or the energy grid transformation.

APGA is the trade association for approximately 1,000 communities across the U.S. that own and operate their retail natural gas distribution entities. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies, all locally accountable to the citizens they serve. Public gas systems provide safe, reliable, and affordable energy to their customers and support their communities by delivering fuel to be used for cooking, clothes drying, and space and water heating, as well as for various commercial and industrial applications, including electricity generation.

NAESB serves as an industry forum for the development and promotion of standards which intend to lead to a seamless marketplace for wholesale and retail natural gas and electricity. Specifically, NAESB proposes and adopts voluntary standards and model business practices designed to promote more competitive and efficient natural gas and electric service. APGA has been exceedingly engaged in NAESB GEH efforts and offers the below comments for the committee's consideration.

1. Current GEH Standards Do Not Require Any Changes

a. FERC Made Changes to GEH Recently

In 2015, the Federal Energy Regulatory Commission (FERC) issued Order No. 809,¹ in which the Commission declined to adopt proposed start time changes to the "Gas Day" but instead made a handful of other changes in an effort to improve gas-electric harmonization. For instance, the order changed the closing time for the day-ahead Timely Nomination Cycle from 11:30 AM to 1:00 PM CCT; increased the number of intraday nomination cycles from two to three; and required pipelines to allow multi-part service agreements for firm transportation services. Notably, the changes in the order aligned with consensus recommendations from the NAESB GEH Committee.

Order 809 also instructed the industry, through NAESB, to look at further ways to gain Gas-Electric Harmonization efficiencies, particularly in the areas of confirmations and scheduling. After much deliberation, NAESB submitted a status report to the Commission on March 30, 2017, indicating that no

¹ *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Order No. 809, 80 Fed. Reg. 23197 (Apr. 24, 2015), FERC Stats. & Regs. ¶ 31,368 (cross-referenced at 151 FERC ¶ 61,049) (2015) (Order No. 809).

consensus had been reached for any further changes to GEH.² Since then, no changes have been made to GEH standards, as a need for new standards has not arisen.

b. February's Severe Cold Weather Event Did Not Demonstrate Any Failures in GEH

During President's Day weekend in 2021, Winter Storm Uri brought extreme cold temperatures to much of the country, including areas not typically accustomed to such weather in the south. Over the course of the weekend, the price of natural gas reached unimaginable levels, but actual customer curtailments were quite limited and, few if any human needs customers lost service for any length of time. Record-setting natural gas prices spiked and imposed a severe economic burden on both gas and electric utilities that had no choice but to purchase natural gas fuel to keep the heat on or produce electricity in their communities. Market conditions were further worsened because the peak of the storm happened during the long President's Day weekend.

Average daily natural gas production in Texas dropped from 21 Bcfd in January 2021 to 13 Bcfd February 2021.³ Natural gas deliveries were lost for several reasons—most of which had occurred before, specifically in 2011, when the weather was more severe but shorter in duration: wellhead equipment froze (freeze offs); compressor equipment froze and broke down; water in gathering lines froze up in the field; poor weather conditions increased repair times; and ERCOT cut power to certain natural gas production facilities, hindering repairs. The University of Texas Energy Institute developed a report, "The Timeline and events of the February 2021 Texas Electric Grid Blackouts," released July 12; it concluded that there was no single cause of the crisis.⁴ Collectively, these circumstances created scarcity conditions that caused at least one interstate pipeline to use its human needs curtailment plan for the first time (Enable Gas Transmission). At the same time, other electricity generation sources such as wind turbines were also shuttered by the freezing temperatures, forcing electric curtailments and blackouts in parts of the southern United States. Some gas-fired electric generation and natural gas industrial end-users were curtailed, but residential natural gas service had few if any interruptions in the affected states.

APGA has seen no evidence that gas-electric harmonization was a factor in Winter Storm Uri. The University of Texas Energy Institute does not mention it in its report. None of the many news accounts quote industry participants about gas-electric harmonization. To APGA's knowledge, while the Texas legislature formally established the Texas Energy Reliability Council ("TERC") in part to enhance coordination and communication in the energy and electric industries in Texas, those are not the same coordination issues under the purview of the GEH Committee. APGA therefore concludes that despite the historic supply interruptions and price changes, the existing GEH scheme operated as it was intended. Therefore, no changes to the GEH could have prevented the circumstances that arose over the holiday weekend. Consequently, the GEH Committee has no reason to pursue any changes to the current GEH standards on the basis of Winter Storm Uri.

² https://www.naesb.org/pdf4/ferc033017_naesb_order809_status_report.pdf

³ <https://www.eia.gov/todayinenergy/detail.php?id=46896>

⁴ See <https://news.utexas.edu/2021/07/13/new-data-on-february-texas-blackouts-reveals-unprecedented-impact-on-energy-and-financial-systems/>.

2. The FERC/NERC Joint Inquiry into 2021 Cold Weather Grid Operations May Inform Future NAESB GEH Work

As noted in the request for comments, FERC and the North American Electric Reliability Corporation (NERC) are in the process of developing a joint inquiry into grid operations during the severe cold weather experienced by much of the nation in February 2021.⁵ APGA agrees with the sentiments presented by the American Gas Association during the June 16, 2021, GEH Committee meeting – any committee activity to address GEH concerns before the FERC/NERC joint inquiry is finalized would be premature. No benefit would arise from GEH Committee members speculating on the outcome of that report. Accordingly, APGA encourages the committee to wait for the publication of the joint inquiry prior to proposing any changes to the existing GEH scheme.

3. The NAESB Board of Directors Should Recommend Curtailment Prioritization Changes to Electric Utilities

During February's severe winter weather, ERCOT cut power to certain natural gas production facilities, which hindered repairs and further perpetuated natural gas supply constraints. Many natural gas production surface facilities and infrastructure rely heavily on electricity for operations, so the loss of power to these locations hindered the ability to not only un-freeze any infrastructure but also push gas through the system to end-users, such as homes and gas-fired generators.

While outside of NAESB's purview, APGA recommends that the Board of Directors propose to ERCOT and/or the Public Utility Commission of Texas that natural gas production facilities be prioritized during emergency situations, such as during the severe winter weather experienced over Presidents' Day weekend. Requiring such prioritization would ensure that production sites could continue to operate and supply sufficient natural gas to both electric and gas utilities. This is crucial to ensure resiliency of our country's energy supply, especially if intermittent electricity generation is taken off-line, as it was by Winter Storm Uri, so that gas-fired power plants can ramp up generation to better meet communities' energy needs.

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Thank you for your review and consideration of these comments. APGA and its members look forward to further engaging with NAESB and the GEH Committee moving forward. If you have any questions regarding this submission, please do not hesitate to contact me.

Respectfully submitted,



David Schryver

President & CEO
American Public Gas Association

Cc: NAESB GEH Committee

⁵ <https://www.ferc.gov/news-events/news/ferc-nerc-open-joint-inquiry-2021-cold-weather-grid-operations>