Corpus Christi Liquefaction, LLC, and Sabine Pass Liquefaction, LLC are NAESB members and subsidiaries of Cheniere Energy, Inc. (collectively Cheniere). Cheniere is providing the following responses to NAESB’s questions on Gas-Electric Harmonization (GEH) posted and emailed on June 2021. NAESB requested responses to be submitted on or before July 21, 2021.

* Is there specific action to support gas and electric market coordination that NAESB GEH Committee should recommend to the Board of Directors in response to recent events and/or the energy grid transformation? These actions may include, but are not limited to:
1. a review of the existing NAESB gas-electric coordination standards for possible changes,
2. the development of new market coordination standards,
3. a review of coordination processes with external organizations, and
4. any other activities within the scope of NAESB.

Cheniere Response

1. Yes. In addition to review of existing NAESB GEH standards, NAESB efforts should review the prior GEH activities; specifically, the NAESAB GEH Committee Report presented to the Board on September 20, 2012 (2012 Report). All reviews should consider the new Gas-Electric market dynamics since 2012 Report due to the significantly changed electric market generation resource mix where natural gas-fired generation resources are increasing the swing or back-up electric generation resource due to increase in electric market reliance on intermittent electric generation resources (e.g., wind and solar).
2. Yes. The development of new market coordination standards should include communication of information on electric-drive compressor units on pipelines used to provide firm transportation services in support of natural-gas fired electric generation units to enable grid operators to assess information on critical natural gas infrastructure to support availability of natural gas to natural-gas fired generation resources in the operation of the electric markets.

Further, natural gas-fired electric generation resources ability to predict natural gas supplies from interstate pipelines would be enhanced if Nom/Sched/Allocation business practices previously proposed by Cheniere under NAESB R19014 were implemented. The NAESB Board found R91014 within scope, however, final action by the WEQ EC (no action) and WGQ EC (no action due to probable segment block) resulted in no new Nom/Sched/Allocation business practice. Per NAESB WGQ EC meeting records, Cheniere is considering a filing at FERC on the proposed business practices and is conducting outreach discussions with several pipeline groups to update Cheniere’s proposed Nom/Sched/Allocation business practice. We believe such discussions may conclude with a different result if such business practice were part of the GEH effort.
3. Yes. Reviews should include what pipeline information is available to support electric market operators in their planning to assess and development of response plans for adverse weather conditions likely to affect reliable electric grid operations.
4. Yes. To the extent NAESB identifies regulatory or policy gaps in the development of GEH coordination business practices within NAESB’s scope, NAESB should share such policy and regulatory gaps with appropriate regulatory agencies.
* Are there current activities underway within the industry that would preclude or delay action by NAESB related to gas and electric market coordination at this time, including but not limited to the FERC and NERC Joint Inquiry into 2021 Cold Weather Grid Operations?

Cheniere Response

Cheniere believes due to the current status of FERC, NERC and ERCOT reviews of Storm Uri and its impacts, NAESB efforts should proceed on a parallel effort, subject to final outcomes and possible new laws, regulations, or policy statements resulting from the FERC, NERC and ERCOT reviews. NAESB GEH efforts should not wait until the conclusion of such reviews.

* Are there other directions the Board of Directors should consider to support gas-electric market coordination?

Cheniere Response

Other than the responses above, Cheniere has no further comments on NAESB GEH efforts.