| **Chat Transcript from the September 23, 2022 NAESB Gas-Electric Harmonization Forum** | | | |
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| **Time** | **From** | **To** | **Chat** |
| 8:53 am | Brian Evans-Mongeon | Everyone | This is Brian Evans-Mongeon, I don't appear to be heard, but I also can’t see any controls to be viewed or heard |
| 8:54 am | Brian Evans-Mongeon | Everyone | Okay, thank you. |
| 8:54 am | Brian Evans-Mongeon | Everyone | So Board members aren't treated the same as panelists? |
| 8:56 am | Michael Desselle | Everyone | We'd have 90+ panelists in that case |
| 8:56 am | Brian Evans-Mongeon | Everyone | Okay, thanks. |
| 9:04 am | Matthew Alvarado | Everyone | Zoom pls |
| 9:09 am | Michael Desselle | Hosts and Panelists | Matthew, ? |
| 9:10 am | Linn Oelker | Hosts and Panelists | The GEH link in the agenda only goes to the main NAESB webpage, please provide a link to the GEH forum page. |
| 9:10 am | Joshua Phillips | Hosts and Panelists | If possible, can you zoom in on the document a bit? it is very blurry. |
| 9:11 am | Sandra Montes de Oca | Hosts and Panelists | Is that better Joshua? |
| 9:11 am | Joshua Phillips | Hosts and Panelists | TY |
| 9:16 am | Pat Wood | Vicky Bailey and all Panelists | HEY girlfriend, great to see your name on the roster here. Miss you! |
| 9:16 am | Emil Pena | Everyone | how are we using previous work on reliability done by DOE in the recent past? Emil |
| 9:17 am | Pat Wood | Vicky Bailey and all Panelists | Emil, what DOE work are you referring to? |
| 9:18 am | Pat Wood | Emil Pena and all Panelists | Emil what DOE work are you referring to? Can you provide a link? |
| 9:19 am | Sue Tierney | Everyone | Emil, please make sure that you note the DOE studies you’d like this meeting to take note of? You might add some link(s) in the chat. |
| 9:19 am | Sue Tierney | Everyone | By the way, I borrowed that comment from Chairman Woods.... |
| 9:20 am | Grace Soderberg | Hosts and Panelists | Will this recording be shared? |
| 9:20 am | Sue Tierney | Hosts and Panelists | Pat and everyone - I think that we need to send comments out to "everyone" on the chat list.... |
| 9:21 am | Pat Wood | Patricia Jagtiani and all Panelists | Pat J, can you turn a camera on? |
| 9:22 am | Sandra Montes de Oca | Hosts and Panelists | She is not able to as she is an attendee |
| 9:22 am | Dick Brooks | Everyone | Who is Pat, the current speaker, affiliated with? |
| 9:22 am | Michael Oberleitner | Hosts and Panelists | NGSA |
| 9:23 am | Nancy Bagot | Everyone | Natural Gas Supply Association |
| 9:23 am | Dick Brooks | Everyone | Thanks, Nancy |
| 9:23 am | Matthew Alvarado | Everyone | Is there a link to the page with the submitted comments? |
| 9:24 am | Joshua Phillips | Everyone | https://naesb.org/pdf4/geh092322w2.docx |
| 9:25 am | Dick Brooks | Everyone | Thanks, Joshua - very helpful. Much appreciated. |
| 9:28 am | Matthew Alvarado | Everyone | Thanks! |
| 9:31 am | Jonathan Booe | Everyone | I understand that there was an issue with accessing the GEH Forum Webpage this morning, and I wanted to let you know that it has been fixed. https://www.naesb.org//naesb\_geh\_forum.asp |
| 9:31 am | Joshua Phillips | Everyone | is there a daily market on sat/sun/holiday? |
| 9:32 am | Michael Oberleitner | Hosts and Panelists | Yes, but as mentioned in the call, it is not liquid, especially if significant volumes need to be purchased.. |
| 9:32 am | Andrea Chambers | Hosts and Panelists | This is Andrea Chambers, I filed comments for the AF&PA and PGC groups. I have a conflict at 11:30 am. Is it possible to speak before that time. |
| 9:34 am | Dick Brooks | Everyone | Looking like a 24x7 marketplace is needed to address the weekend "seams issue" |
| 9:34 am | Jonathan Booe | Andrea Chambers and all Panelists | Andrea - We can go to you after Pat |
| 9:34 am | Emil Pena | Everyone | august 2017 DOE Staff Report on Reliability. Our comments on Harmonization were used. Emil |
| 9:35 am | Nancy Bagot | Everyone | Thank you, Jonathan! I had not been able to access GEH page since this effort started weeks ago. Working now |
| 9:36 am | Michele Richmond | Everyone | It sounds like Pat is describing interstate pipes. What about intrastate pipes in which generators incur penalties for needing more or less gas than contracted and no transparency of pipeline capacities, flows, and pricing for transportation and storage to compare the price quoted to other shippers? Very different situation and Texas has about 3X the intrastate pipes as interstate. |
| 9:39 am | Joshua Phillips | Everyone | Are there nomination cycles on weekend? |
| 9:40 am | James Campisano | Hosts and Panelists | Same amount of cycles on the weekend |
| 9:40 am | Jim Cordaro | Everyone | Yes there are nomination cycles everyday. |
| 9:40 am | Thomas Schroeder | Everyone | Scheduling timelines between natural gas and the power sector is actually the crux of the issue. Even if you have Firm Transport you could lose your rights to it if you didn't Timely nominate your supply. Notice of generating unit dispatch/award in many RTO's/ISO's do not allow time to Timely nominate your gas supply. Natural gas for the midnight to 9 a.m. portion of a power day has to be purchased intraday (after the Timely and Evening nomination deadlines). Remember we are talking about days of extremely high demand. Not a normal demand day. |
| 9:40 am | Michael Oberleitner | Hosts and Panelists | Yes... there are nom cycles during the weekend. |
| 9:40 am | Michael Oberleitner | Hosts and Panelists | Issue is gas supply availability... |
| 9:41 am | Joshua Phillips | Everyone | Thanks Jim. |
| 9:41 am | Bill Donahue | Everyone | Yes – same cycles as other days – but most customers (of pipeline) nominate for each day – Sat, Sun. Mon on Friday – knowing they have some flexibility to adjust daily. |
| 9:41 am | Joshua Phillips | Everyone | Thank you Patricia for sharing the comments very helpful |
| 9:43 am | Nancy Bagot | Everyone | I think the issue is that though a sales desk may be available over the weekend, most supply and capacity has been contracted Friday by customers with more regular usage expectations (70%?). This was debated in last go round with NAESB, there can be n.g. Marketer available but on a Sunday they may not have much to offer. Or offer affordably? IΓÇÖm just recalling this from past GEH discussions. |
| 9:43 am | Justin Grady | Everyone | Based on my observations, the liquidity/availability of natural gas market during the weekend or on holidays is generally 10% or less compared to normal trading day. |
| 9:45 am | James Campisano | Hosts and Panelists | Justin, as a gas trader for an LDC I would agree weekend liquidity can pretty low, probably less than 10% of a typical Friday. |
| 9:45 am | Robert Kott (CAISO) | Hosts and Panelists | Part of the problem with the lack of market activity over the weekend is due to longer lead times result is greater error in forecasting and greater deviation in actuals during the gas day. This is exacerbated during a holiday weekend. |
| 9:47 am | Pat Wood | Everyone | Is it possible for commenters to use a camera? It wd be nice to see everyone's faces... |
| 9:49 am | Sandra Montes de Oca | Hosts and Panelists | Pat, We will be sure to set that up for the next meeting |
| 9:51 am | Bob Gee | Everyone | I concur with Pat W. Would be good to see folks speaking to us, unless they are attired in their PJs. |
| 9:56 am | Janice Devers | Hosts and Panelists | Valerie hit the nail on the head. |
| 9:58 am | Thomas Schroeder | Everyone | Many interstate natural gas pipelines do not allow use of their balancing services on critical gas days (i.e. high demand days). |
| 10:09 am | Linn Oelker | Everyone | Pat W - one innovative option would be to have ID cycles that allow non-ratable delivery point takes for shorter nomination and scheduling periods. (Example: an ID Cycle that nominates and schedules from 4PM to 8PM; Six ID cycles of four hours each could cover the 24 hour day) (Receipt point operators would continue to produce on a 24 hour or balance-of-day ratable periods.) |
| 10:09 am | Jim Cordaro | Everyone | Thomas that depends on whether the balancing services are a firm service as defined in the individual pipeline's tariff. |
| 10:10 am | Dick Brooks | Everyone | New England pays "insurance" today for LNG at the Everett Terminal in an RMR contract. |
| 10:11 am | Michele Richmond | Everyone | ERCOT is unique - not under FERC jurisdiction - and generators are very limited in the fuel costs allowed so if they do not burn the fuel to produce power, they do not recover those costs at all. Penalties and imbalancing charges are not recoverable in the ERCOT market. |
| 10:12 am | Dick Brooks | Everyone | ISO New England's capacity market is not compensating asset owners to the level needed to ensure availability |
| 10:12 am | Sue Tierney | Everyone | Thanks for the additional comments in the chat. |
| 10:13 am | Christopher Smith | Everyone | Can you hear me? |
| 10:14 am | Dick Brooks | Everyone | You’re welcome Sue. |
| 10:18 am | Michael Oberleitner | Everyone | Excellent point… from INGAA rep. |
| 10:20 am | Dick Brooks | Everyone | And proud if it! |
| 10:21 am | Janice Devers | Everyone | There is a very robust capacity release market that keeps the markets going. |
| 10:21 am | Jim Cordaro | Everyone | Janice agree this is the capacity release market. If the pipeline is sold full the only capacity "available" is capacity that other firm shippers would be able/willing to release during an extreme weather event. |
| 10:23 am | Nancy Bagot | Everyone | Is the New England reserve an LNG product/market? |
| 10:24 am | Michael Oberleitner | Everyone | furthermore, at least some of the released capacity has recall rights attached.... |
| 10:24 am | Dick Brooks | Everyone | There is a "Reliability Must Run" (RMR) contract in place for the Everett LNG terminal. |
| 10:28 am | Dick Brooks | Everyone | Other proposals were submitted to NESCOE with Angie O'Connor offering to serve as an honest broker, but that was dismissed: https://github.com/rjb4standards/Presentations/raw/master/2021-0224-Filing-TechDesign.pdf |
| 10:35 am | Bob Gee | Hosts and Panelists | I received a suggestion via email from one of our attendees (a state utility commissioner) that the speakers should introduce themselves and their affiliations before they speak since many folks don't have the comments in front of them. I concur, and was about to make the same suggestion even though I have the comments. |
| 10:40 am | Jonathan Booe | Hosts and Panelists | Thanks, Bob and Michael! |
| 10:41 am | Mark Lauby | Everyone | One needs to be careful about mentioning the system is built for 1 day in 10. Firstly, this is based on random failures of individual plants, rather than a common scenario impacting many generators at the same time. In a way, it assumes fuel is available. Second, it is based on loss of 1 MW or more, and there is no duration element. Rather an expectation. We are dealing with scenarios that need to be overlaid with traditional analysis, along with adding the time component. It is all about the energy. Loss, impact and cost of energy for 1 hour, is much different that for 24 hours. |
| 10:43 am | Dick Brooks | Everyone | Seasonal risk factors, i.e. winter freezes, along with hourly constraints, i.e. No Solar generation at night, all need to be factored into capacity market design reforms, especially here in New England with our gas constraints. |
| 10:50 am | Pat Wood | Dick Brooks and Panelists | Dick. lot of thoughtful comments from you in this chat. Will you please spend some time on the mike w us before we wrap at noon CDT? |
| 10:52 am | Dennis Kimm | Everyone | From someone in the Midwest (MISO) I feel the root of the problem is that during extreme cold events, the bulk of the gas is sold by 0900 on the business day prior to the operating day but generation commitment isn’t done until 1230 on the calendar day prior to the operating day. |
| 10:52 am | Dick Brooks | Everyone | Hi Pat, would be happy to make comments on the work here in NE. Thanks for asking |
| 11:03 am | Janice Devers | Everyone | Very succinctly put! |
| 11:07 am | Thomas Schroeder | Everyone | I agree with Dennis Kimm's comment. We operate in the Southwest Power Pool (SPP) and have the same issue. Also, remember that the power day is supplied via two natural gas days. Natural gas supply for the midnight to 9 a.m. period of a power day has to be purchased Intraday in an RTO/ISO market (after the Timely and Evening nomination deadlines). |
| 11:11 am | Tom Kaslow | Hosts and Panelists | I can defer on my comments to move forward on agenda |
| 11:11 am | Matthew Agen | Everyone | Because of timing, should we save 3c until the next meeting so its is not rushed? |
| 11:22 am | N. Jonathan Peress | Hosts and Panelists | Michele's thoughtful discussion illuminates the key role of state energy regulators in resolving gas/electric coordination issues, especially as implicated during extreme weather events. The same state regulatory jurisdictional aspect equally apples to California, where we just experienced an extreme weather event (and energy shortfalls) on which I hope to elaborate when we address Topic 3c today. |
| 11:26 am | N. Jonathan Peress | Everyone | Michele's thoughtful discussion illuminates the key role of state energy regulators in resolving gas/electric coordination issues, especially as implicated during extreme weather events. The same state regulatory jurisdictional aspect equally apples to California, where we just experienced an extreme weather event (and energy shortfalls) on which I hope to elaborate when we address Topic 3c today. |
| 11:32 am | Michele Richmond | Everyone | One additional piece of info on Texas RRC re curtailment: the curtailment prioritization rule adopted by them elevates a number of entities such as water & wastewater facilities and dialysis centers by including them in the definition of "human needs" receiving priority for gas. Despite TCPA recommendation to include gas power plants in the definition of human needs, RRC declined to do so. The practical effect is further reducing gas power plants in priority for receiving gas below all of the additional entities included as human needs. |
| 11:33 am | Michele Richmond | Everyone | We made the point Pat just made about gas to homes being useless if there is no power to start the furnace. |
| 11:33 am | Andreas Thanos | Everyone | Most states have such a priority list |
| 11:34 am | Dick Brooks | Everyone | FYI: Utility Dive has an article today quoting FERC Commissioners on the situation here in New England, SPOT ON!: https://www.utilitydive.com/news/ferc-iso-ne-new-england-winter-reliability/632521/?utm\_source=Sailthru&utm\_medium=email&utm\_campaign=Issue:%202022-09-23%20Utility%20Dive%20Newsletter%20%5Bissue:44747%5D&utm\_term=Utility%20Dive |
| 11:34 am | N. Jonathan Peress | Everyone | Michele is spot on. In California, service to electric generators is lower priority than service to Core retail customers. Nonetheless, during extreme weather events, LDC service is the lynchpin to electric reliability, as demonstrated earlier this month. |
| 11:38 am | Sue Tierney | Hosts and Panelists | @Andreas Thanos - Do you know whether some entity (e.g., NASEO, NARUC, NGA, NCSL, or anyone else?) has compiled information from across the states? |
| 11:39 am | N. Jonathan Press | Everyone | Bob's question raises significant cost allocation and beneficiary pays questions that are not addressed in the current prevalent regulatory construct for LDCs. |
| 11:40 am | Dick Brooks | Everyone | Sorry G2G - very promising proceedings. Looking forward to helping where a software architect's views can help inform a solution. Cheers and best regards Dick Brooks |
| 11:41 am | Andreas Thanos | Everyone | I do not believe that there is a compilation of policies. |
| 11:41 am | Sue Tierney | Everyone | Thanks |
| 11:41 am | Eli Massey | Hosts and Panelists | It is so easy to say just build more infrastructure but it isn't that simple. Who is going to pay for the infrastructure. Pipelines won't because they argue that they already have sufficient capacity and that there isn't a business case for building more. Gas fired generation won't pay for it because they will never be ever to recover the costs associated with building a pipeline and remain economically dispatchable generator in energy markets. |
| 11:43 am | Michael Oberleitner | Everyone | Those that state residential natural gas services are declining over time, likely, are speaking more from a policy perspective (e.g., the result of some state mandate) vs. from the perspective of the actual residential customer. |
| 11:44 am | Michele Richmond | Everyone | That’s correct |
| 11:45 am | Andrea Chambers | Hosts and Panelists | I am back if there is time for me to still address the 3.c. issue. Thank you, Andrea Chambers |
| 11:46 am | Renee Lani | Everyone | I'm still interested in commenting on 3.c |
| 11:46 am | Bobbi Welch | Hosts and Panelists | I had also contacted the NAESB office to provide comments. |
| 11:48 am | Gene Nowak | Hosts and Panelists | We need to distinguish between pipeline capacity FMJs and loss of gas supply FMJs. Pipelines cannot deliver gas it never receives. During Uri it was a supply loss issue not a pipeline flow issue. |
| 11:49 am | Michael Desselle | Hosts and Panelists | Good point Gene. |
| 11:51 am | Eric Salsbury | Everyone | Being at a LDC which is part of a combined utility and based on what I am hearing today, it is imperative that it is expressed to policy makers that while we want to do everything we can from a climate change perspective, there are reliability issues on both the electric and gas sides that demand additional infrastructure. Any movement of gas from one side to the other where supply is tight and any part of the country is in a critical situation could cause the loss of services which in effect could create an emergency situation potentially resulting in loss of life or other severe consequences. |
| 11:53 am | Gene Nowak | Everyone | We need to distinguish between pipeline capacity FMJs and loss of gas supply FMJs. Pipelines cannot deliver gas it never receives. During Uri it was a supply loss issue not a pipeline flow issue. |
| 11:54 am | Michael Deselle | Everyone | Good point Gene. |
| 11:56 am | Thomas Schroeder | Everyone | On the natural gas pipelines we operate on here in the SPP, if you have Firm Transportation and do not nominate it prior to the Timely deadline it may not be available after that. The natural gas pipelines may award customers who have secondary Firm transportation and nominate prior to the Timely deadline gas flow which effectively uses up all of the available transportation. |
| 11:56 am | Sue Tierney | Hosts and Panelists | Can I go next (I have to leave a little early)? |
| 11:56 am | Bob Gee | Hosts and Panelists | Sure! |
| 11:56 am | Michael Desselle | Hosts and Panelists | Yes |
| 11:56 am | Sue Tierney | Hosts and Panelists | Thanks |
| 11:59 am | Sue Tierney | Everyone | Thanks, everyone. I have to run. |
| 12:00 pm | Bill Donahue | Everyone | T Schroeder you are right- thus the call to eliminate the "No Bump Rule" if you pay for firm you should be able to call on it at any nomination cycle. |
| 12:00 pm | Andreas Thanos | Everyone | “challenge” accepted |
| 12:02 pm | Bob Gee | Everyone | Thanks, Andreas! |
| 12:05 pm | Dennis Kimm | Everyone | Two crazy solutions from someone who has a staff that is actual doing the procurement for gas-fired generation ONLY when we see extreme cold weather coming (We all knew URI was coming):  1. Trade gas for individual days of a weekend or holiday weekend instead of the 3- or 4-day package and consider trading it during the weekend days if that makes more sense  2. Mandate that the Midwest RTOs do unit commitment (clear the day ahead market) by 0800 EST on the BUSINESS Day prior to the operating day |