| **Chat Transcript from the December 5, 2022 NAESB Gas-Electric Harmonization Forum** |
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| **Time**  | **To**  | **From**  | **Chat**  |
| 1:15pm | Everyone  | Catherine Elder  | and that nomogram njp is talking about applies ONLY to SoCal, not PG&E. We have not computed mingen for northern CA. |
| 1:19pm | Everyone  | Naim Peress  | FERC rules already require transactional reporting for transactions during the timely cycles -for the purpose of enhancing transparency. Our suggestion is simply to extend that reporting to the intraday transactions. |
| 1:19pm | Hosts and Panelists | Robert Kott | The gas nomogram is only used in very limited circumstances when So Cal Gas has indicated pipeline or supply limitations in specific defined zones. |
| 1:20pm | Everyone  | Rachel Hogge  | Mr. Peress, transactional reporting is already required for every cycle of a gas day, not limited to only timely. |
| 1:20pm | Everyone  | Catherine Elder  | but NPJ |
| 1:20pm | Everyone  | Catherine Elder  | 's point is that it isn't adequate or working |
| 1:26pm | Everyone  | Andreas Thanos  | Has the generation field considered the use of Portfolio Managers? Gas LDCs use them in many jurisdictions. This way, the generators only need to focus on what they are supposed to do best -- generation, and leave the marketing and managing of the capacity to asset managers. If they have what has the experience been? |
| 1:27pm | Everyone | Mark Spencer  | The New England rate increases up until last year were largely due to increases in transmission rates and policy riders. Wholesale energy prices were in a decline up until February 2022. |
| 1:27pm | Everyone  | Bill Donahue  | To solve problem and properly assign costs: 1-Modify Electric markets to allow recovery of Pipeline/LDC demand charges, 2- Generators can acquire firm capacity, 3- eliminate the No Bump Rule on pipeline nominations. |
| 8:54am | Everyone  | Nancy Bagot  | What does it mean to "realign" the gas and electric markets? I'm not sure they've ever been "aligned" - rather it is the current tightness on both sides creating a greater tension between two industries which function differently enough that there are not clear or obvious fixes to the current concerns. |
| 1:28pm | Everyone  | Michael Oberleitner  | farming out gas pipeline capacity portfolio to third party managers can be difficult, considering RTO penalties and RTO generation demand variability. Plus, there is something to be said about keeping gas market expertise in-house.... |
| 1:28pm | Everyone  | Nancy Bagot  | Many genertoars utilize portfolio managers. In the past, that has not been viewed as sufficient to stand in for "firm supply" even though, I think to your point, utilization of a portfolio manager offers a vast array of supply options. |
| 1:29pm | Everyone  | Mark Spencer  | Andreas, echoing Nancy, many IPPs in the organized markets do use energy managers. |
| 1:30pm | Everyone  | Andreas Thanos  | The experience of LDCs has been positive. So, I am wondering what makes it difficult for generators |
| 1:30pm | Everyone  | Dick Brooks  | I believe gas pipeline data is already available on Informational Posting sites so the heavy lifting has been done. It may be more about pushing the data out and that may not cost much given existing NAESB standards, i.e. EDM and communication channels are in place. |
| 1:31pm | Everyone  | Michael Oberleitner  | at least in our experience, generators' load profile can be very different than LDCs...  |
| 1:31pm | Everyone  | Nancy Bagot  | It's not difficult for generators, Andreas. But to a previous commenter's point, it can vary by market, market requirements, the overall fuel supply scenario in a region, and the desire for transparency over the fuel arrangements. |
| 1:33pm | Everyone  | Michael Oberleitner  | ... meaning I may be called upon to consume gas to generate MW during periods where a marketer/ asset manager may think there would be no need. This is particularly true with the introduction and continued growth of renewable generation.. |
| 1:33pm  | Everyone  | Andreas Thanos  | I do not doubt that, but, there is something about the ability of managers to use and optimize multiple capacity contracts. Well the "sudden" request for generation should be something the manager would be prepared for |
| 1:36pm | Everyone  | Dick Brooks  | Patricia makes good points. The Gas markets don't operate an "OASIS" like capacity exchange that is used in Electric markets. |
| 1:42pm | Everyone  | Naim Peress  | A primary purpose of improving price formation for intraday transactions in the secondary market is to convey the value of and needs/benefits of new capacity. The market and regulatory policy design does an excellent job of this for long term firm ratable capacity transactions, which has worked successfully in signaling the need for new capacity. But its efficacy is diminished in a more renewable, volatile, extreme weather non ratable transactional environment. |
| 1:44pm | Everyone  | Nancy Bagot  | In answer to Pat Wood, Pat J. has hit a real crux of the problem looking ahead - how generators use gas will continue to change to even more volatile "pulls" for power system balancing - so if they were to increase the pipeline capacity they hold, how is that measured - to always cover a possible peak even if that happens only a few hours a week? |
| 1:44pm | Everyone  | Mark Spencer  | We agree with Pat J. Until there's something to replace NG, infrastructure capacity will become a more complicated problem. As the resource mix changes and gas becomes the de facto back-up (when sun doesn't shine and wind doesn't blow) the peak NG need will likely increase but be concentrated in fewer hours. |
| 1:46pm | Everyone  | Cory Samm | One of the primary issues of concern for electric generators is that a portfolio manager cannot fully mitigate the risk that the market misalignment creates. It carries a potentially catastrophic financial impact when gas must be purchased during extreme events for multiple periods (over weekends for example) with no guarantee of dispatch by the RTOs. In this environment of increased volatility and reliance on variable resources, it's not reasonable to expect that the addition of more infrastructure, or "firm" fuel (which isn't actually firm) will address the issues. It is creating a reliability risk when gas units are priced out of the market; it's creating an affordability concern for customers/members. |
| 1:48pm | Everyone  | Paul Cicio | The LNG transition is not slow. We are at 12.2 bcf/day in 2022 and forecasted by S&P Global at 30.1 bcf/d in 2030. Recent annual production rates and rates of non-TX pipelines growth are not keeping up with that rate. |
| 1:50pm | Everyone  | Jean Spencer  | What I hear is that it's not affordable for electric generators to pay for the infrastructure they need only on a rare peak day or hour. It's also not affordable for the pipelines to pay to build excess pipeline space if no one commits to paying for it. And yet, the system needs back up, so someone needs to pay for it. |
| 1:50pm | Everyone  | Andreas Thanos  | Corry Samm you spoke of market misalignment. Is there an effort from the generation side to "align" the market? |
| 1:52pm | Everyone  | Michelle Foss  | On LNG, we will only export what is available. there are no guarantees or backstops from USG. sellers would need to contract short term (spot) cargoes to make up any diff. portfolio business. |
| 1:56pm | Everyone  | Andrea Chamber  | We represent industrials that had firm and firm supply and firm capacity on intrastates in Texas that were curtailed in Texas and there was not any transparency about use of capacity on the intrastate pipelines. We support the need for more infrastructure, but also more information about intrastate markets. |
| 1:57pm | Everyone  | Michael Oberleitner  | to Jean's comment. ... correct !! now if only we could identify which segment or segments are causing the variability.... |
| 2:02pm  | Everyone  | Andreas Thanos  | I believe that I speak for more than a handful of folks on the call, and understand that TX, Uri, etc... But the concerns to be discussed here are not just about TX. |
| 2:02pm | Everyone  | Jennifer Coffee  | To respect everyone else's time, these issues are addressed fully in the TPA comments we filed and are posted on the NAESB webpage |
| 2:05pm | Everyone  | Cory Samm | Andreas, I believe there have been efforts in the past to align the electric and gas markets. I do not believe any changes were made previously however. |
| 2:05pm | Everyone  | Pat Wood  | Fair point re Texas, Andreas. We will broaden it back out |
| 2:07pm | Everyone  | Nancy Bagot  | I think TX has been a focal point because for Uri the intrastate system posed problems that the interstate system did not, so in previous GEH meetings that kept coming up but we didn't have representatives from TX gas industry on the call. To me it feels like a loop we're closing. |
| 2:13pm | Everyone  | Catherine Elder  | I have wondered if, in crisis mode, we could/should take a modest step to create a broader information sharing mechanism -- the interaction between, say CAISO and the big utilities/pipelines or ISONE's having their direct line/seat on the control floor talking to Tennessee and Algonquin (let alone the total non-transparency Andrea notes among the Texas intrastates), isn't sufficient here. But I do think about the Office of Emergency Services and its coordinating role during a flood or wildfire where it coordinates requests for resources. Is there a way to incrementally expand the RTO/pipeline interaction to include generators and LDCs and other big end users directly to help disseminate supply, price and capacity information to connect resources to those that need them to protect human needs so that information itself is not an impediment during a vortex event? |
| 2:20pm | Hosts and Panelists  | Michele Richmond  | Just joined but the legislative changes are an uphill climb. The impacts from what is happening on Texas intrastate is impacting the costs across the country and the lack of transparency impacts everyone across the country so that is something NAESB could address. Similarly, NERC & FERC recommendations around firm gas supply can’t be truly reliable without that transparency and ensuring that any curtailments of gas to generators is truly unavoidable and not market abuse. Without transparency, that is not possible. |
| 2:37pm | Everyone  | Dick Brooks  | Electric capacity markets in New England need to be reformed to pay generators what they need to commit, include covering fuel/transportation costs in their capacity payments. |
| 2:41pm | Everyone  | Bill Donahue  | Dick- I concur. Solving this would be a significant step forward. |
| 2:42pm | Everyone  | Catherine Elder  | agree with Dick and Bill on this and same goes for CAISO, ISONE, and any of the markets where generators bid in marginal cost. Ontario, too! Is a key reason why generators do not contract for firm supply or capacity. |
| 2:42pm | Everyone  | Dick Brooks  | Unfortunately, our State representative continue to push for an FCEM market, which does not satisfy resource adequacy requirement, per Frank Felder's report to NEPOOL. |
| 2:44pm | Everyone  | Charles Yeung  | NERC makes seasonal assessments and they are reported on by a regional basis. This exercise can be expanded to include forecasted regional gas conditions to provide a more complete picture about gas generator energy capability. NERC can be consulted to see what information from gas is useful. |
| 2:54pm | Everyone  | Curtis Holland  | DECEMBER 15: AGF ENHANCING AND MAINTAINING GAS & ENERGY SYSTEM RESILIENCY SINGLE EVENT AGF Study Webinar December 15, 2022 12:00 pm - 1:00 pm |
| 2:59pm | Everyone  | Andrea Chamber  | PGC is standing on its written comments on the rest of the questions, so we will not be adding anything in oral comments on this call. Hope this expedites the process. Thank you for considering our remarks. Andrea Chambers |
| 3:00pm | Everyone  | Bob Gee | Thank you, Andrea! |
| 3:03pm  | Everyone  | Dick Brooks  | I've also made a similar statement; reliability is first and foremost an engineering problem to solve, with an economic model supporting the engineering solution. |
| 3:16pm | Everyone  | Joshua Phillips  | PJM, MISO, SPP & NYISO we do not jointly have additional supplemental information to share. Unless an independent representative wishes to address a specific issue. |
| 3:17pm | Everyone  | Naim Peress  | Likewise SoCalGas does not have any additional info to express beyond that in our written comments. |
| 3:19pm | Hosts and Panelists  | Christopher Smith  | INGAA is happy to answer any questions on questions 5-6, but we do not have any additional comments to add |
| 3:20pm | Everyone  | Curtis Holland  | https://gasfoundation.org/wp-content/uploads/2022/10/AGF-Enhancing-and-Maintaining-Gas-and-Energy-System-Resiliency-Executive-Summary-NOV.pdf |
| 3:26pm | Everyone  | Bill Donahue  | Lets not forget that the pipelines are reliable to firm shippers, there should be not any assumption that interruptible service is reliable in high demand periods. |
| 3:27pm | Everyone  | James Mann | Exactly, by its very nature, interruptible means it will be interrupted at any time the capacity is needed for firm. |
| 3:28pm | Everyone  | Dick Brooks  | Happy Holidays |
| 3:28pm | Everyone  | Michael Oberleitner  | except for ID3 when the IT was nominated in timely cycle... then it has preference over FT scheduled in ID2 |
| 3:28pm | Everyone  | Elizabeth Mallett | Thank you! |