

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

California Independent System Operator Corporation	Docket No. EL14-22-000
ISO New England Inc.	Docket No. EL14-23-000
Midcontinent Independent System Operator, Inc.	Docket No. ER15-2256-000
New York Independent System Operator, Inc.	Docket No. EL14-26-000
PJM Interconnection, L.L.C.	Docket No. ER15-2260-000
Southwest Power Pool, Inc.	Docket Nos. ER15-2377-000

**REQUEST TO INTERVENE AND COMMENTS OF
THE NATURAL GAS SUPPLY ASSOCIATION ON
SECTION 206 CONFORMANCE FILINGS**

Pursuant to Commission’s notices in the referenced proceedings, the Natural Gas Supply Association (“NGSA”) requests to intervene¹ and submit comments on the Section 206 conformance submissions and associated tariff filings made by California Independent System Operator Corporation (“CAISO”), ISO New England Inc. (“ISO-NE”), New York Independent System Operator, Inc. (“NYISO”), Midcontinent Independent System Operator, Inc. (“MISO”), PJM Interconnection, L.L.C. (“PJM”) and Southwest Power Pool, Inc. (“SPP”).

NGSA represents integrated and independent energy companies that produce and market domestic natural gas. Established in 1965, NGSA encourages the use of natural

¹ NGSA has already intervened in Docket Nos. EL14-22-000, EL14-23-000, EL14-26-000, and EL14-27-000. Therefore, the instant Request to Intervene only applies to the remaining dockets captioned above.

gas within a balanced national energy policy and supports the benefits of competitive markets. NGSA promotes increased supply and the reliable, efficient delivery of natural gas to customers. While NGSA believes that each regional organization and its stakeholders are in the best position to determine the electric dispatch schedule that best suits their respective reliability needs, we urge FERC and each regional organization to remain proactive and to make swift changes to conform posting schedules as circumstances warrant.

I. BACKGROUND

In conjunction with the Commission’s Notice of Proposed Rulemaking *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities* (“NOPR”), FERC issued an order instituting Section 206 proceedings that required each Regional Transmission Organization (“RTO”) and Independent System Operator (“ISO”) to conform its scheduling practices with the new gas nomination timeline or to show cause why such changes should not be required.² The Commission stated that changing the Timely Cycle to 1 p.m. CT must be “combined with appropriate changes in the timing of electricity market scheduling practices” to give gas-fired generators “the option of arranging natural gas supply and transportation at the Timely Nomination Cycle knowing the results of the day-ahead electricity market.”³ The Commission’s actions were aimed at improving coordination “to better ensure the

² See *Cal. Indep. Sys. Op. Corp., et al.*, Docket Nos. EL14-22-000, *et al.*, Order Initiating Investigation Into ISO and RTO Scheduling Practices and Scheduling Paper Hearing Procedures, 146 FERC ¶ 61,202 (2014) (“Section 206 Order”).

³ *Id.* at P 16.

reliable and efficient operation of both interstate natural gas pipeline and electricity systems.”⁴

In comments filed in response to the NOPR, NGSAs strongly encouraged the Commission to hold to these goals and to ensure that the appropriate corresponding power scheduling changes are in place prior to implementation of the consensus NAESB schedule.⁵ The ISO/RTO Council agreed, stating that “the later deadline would facilitate the ability of generators to nominate gas in the Timely Nomination Cycle with better information on day-ahead electric market positions.”⁶

On April 16, 2015, the Commission approved the new gas pipeline nomination schedule, effective April 1, 2016. The new gas pipeline nomination schedule will, among other things, provide more opportunities for gas-fired generators and other pipeline customers to schedule their capacity by extending the window of time for Timely Cycle nominations and creating a later Evening Cycle.

II. MOTION TO INTERVENE

NGSAs members produce and market natural gas to gas-fired power generators throughout the United States. The actions by the RTO’s and ISO’s taken pursuant to this proceeding to conform to changes required under the associated rulemaking docket will directly impact NGSAs members. NGSAs’s interests and those of its members therefore will be affected by this proceeding. Moreover, these interests are not adequately represented by any other party. Accordingly, NGSAs respectfully requests that it be

⁴ Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities, 146 FERC ¶ 61,201 at P 30 (2014) (“NOPR”).

⁵ See Comments of the Natural Gas Supply Association, Docket No. RM14-2-000 at 18 (Nov. 28, 2014) (“NGSAs Comments”).

⁶ Comments of the ISO/RTO Council, Docket No. RM14-2-000 at 4 (Nov. 25, 2014).

permitted to intervene in Docket Nos. ER15-2256-000, ER15-2260-000, and ER15-2377-000 with full rights of a party.⁷

III. COMMENTS

A. The Commission should not lose sight of its intended gas-electric coordination goals.

As stated above, the Commission's objective in the NOPR and the companion Section 206 proceedings was to improve gas-electric schedule coordination so that gas-fired generators could more readily and reliably procure fuel to meet their power market performance requirements. Under the Commission's leadership, the gas and power industries made great strides during the NAESB consensus process that culminated in the recently-approved improvements to the Natural Gas Transportation Nomination Timeline ("gas nomination timeline"). The improvements to the gas nomination timeline stand to greatly assist in meeting the Commission's objective to the extent that reciprocal conforming changes are also made to the posting of dispatch schedules in the power industry. Thus, as the Commission assesses the RTO/ISO Section 206 submissions, it should not lose sight of the Commission's ultimate goal of improving gas-electric coordination.

B. Each regional organization and its stakeholders are in the best position to determine the electric dispatch schedule that best suits their reliability needs. Yet, FERC and regional organizations should remain proactive and swiftly change posting schedules as circumstances warrant.

In three regions that have relatively fewer concerns about constrained pipeline capacity, the regional operators, CAISO, MISO, and SPP, have opted not to conform to

⁷ As noted above, NGSAs already intervened in Docket Nos. EL14-22-000, EL14-23-000, EL14-26-000, and EL14-27-000.

the newly-approved gas nomination schedule to provide dispatch postings in advance of the Timely Cycle. Instead, they concluded that it is preferable to allow gas-fired generators in their regions to continue to take advantage of greater price certainty gained after the Timely Cycle concludes because they are not experiencing the gas procurement issues experienced in the Northeast.⁸ Based on NGSAs assessment of the RTO/ISO submissions, three of the six regional organizations (NYISO, ISO-NE and PJM) will publish their day-ahead commitment bids in advance of the 1:00 p.m. CT Gas Pipeline Timely Nomination Cycle deadline.⁹ Furthermore, four of the six (ISO-NE, PJM, MISO and SPP) have taken steps to update and publish their Reliability Unit Commitment results in advance of the Evening Cycle deadline.¹⁰

NGSA believes that each regional operator and its stakeholders are best-suited to determine whether conforming changes are necessary to ensure that gas-fired generators in each region can nominate their pipeline capacity needs on a timely and reliable basis. As the RTO submissions indicate, the availability of pipeline capacity can vary widely among regions, which impacts the relative level of concern each regional operator has

⁸ As highlighted in the MISO, SPP, and CAISO submissions, inherent tensions exist between providing generators with the reliability of volume certainty afforded by nominating in the Timely Cycle versus the greater fuel price certainty gained when generators can bid into power markets knowing the gas price levels generated during the Timely Cycle. For example, SPP contends that nominating in the Timely Cycle “undermines the ability of Market Participants to formulate accurate Bids and Offers that reflect actual costs, including fuel costs, and timely load and weather forecasts.” Southwest Power Pool, Inc., Docket No. ER15-2377-000 at 17 (Aug. 4, 2015). However, in the NOPR and the companion Section 206 Order, FERC showed a clear preference for volume certainty to ensure that generators could procure sufficient levels of capacity to meet their daily power obligations.

⁹ Additionally, PJM proposed to modify the time in which it performs its reliability analysis in order to provide an additional window of opportunity for gas-fired generators in its region to submit nominations in advance of the Intra-day 2 Cycle. This will permit generators with firm transportation contracts to schedule in advance of the scheduling of interruptible transportation on a “no-bump” basis. *See* PJM Interconnection, LLC, Docket No. ER15-2260-000 at 7-9 (July 23, 2015).

¹⁰ Although NYISO states in its submission that committed units are “almost always notified prior to the Evening Nomination Cycle nomination deadline,” NGSA is not aware of any tariff language requiring such notification.

with respect to a generator's ability to reliably secure pipeline capacity during the Timely and Evening Cycles.

NGSA recognizes there can be a high degree of regional variation among the RTOs and ISOs. For this reason, we do not believe a national scheduling protocol is absolutely required to address fuel assurance across all regional power markets.

Accordingly, we are not advocating that the Commission compel generic power market conformance with the newly-adopted gas nomination timeline. However, in instances in which FERC determines it is appropriate to permit regional operators to refrain from conforming to the new gas nomination timeline at this time, those determinations may need to be reconsidered if circumstances change and pipeline capacity becomes a larger concern.

While some regions are not currently experiencing problems with securing pipeline capacity, problems could arise in the future, particularly as states move forward with implementation of the Clean Power Plan. For instance, MISO indicated in its fuel assurance submission that it expects to have increased pipeline capacity difficulties in the years ahead.”¹¹ Given the considerable amount of time it can take for power market changes to go through regional stakeholder processes and for those changes to be approved and implemented, it is critical that regional organizations recognize potential

¹¹ See Midcontinent Independent System Operator, Inc. Fuel Assurance Report, Docket Nos. AD13-7-000 and AD14-8-000 at 3 (Feb. 18, 2015). In this submission, MISO states that “(l)onger term, toward the end of the decade, increased demand growth and the potential for additional coal-fired capacity retirements (due to more stringent National Ambient Air Quality Standards and/or Greenhouse Gas regulation) are likely to further increase natural gas reliance and may require additional evaluation and actions related to fuel assurance.”

issues at very early stages and take prompt action as needed.¹² As NGSAs stated in its NOPR comments, “as pipelines become more constrained, absent firm contracts, it will become increasingly difficult for gas-fired generators to access available pipeline capacity and/or to rely on the pipeline flexibility they require for managing variable loads.”¹³ Given that the bulk of natural gas and associated pipeline transportation is sold during the Timely Cycle, it is crucial for those relying upon pipeline capacity in constrained areas to nominate their needed contracted levels during this timeframe.

Therefore, as the Commission reviews the Section 206 submissions, NGSAs believe that FERC should allow for regional distinctions in those instances in which procurement of pipeline capacity during peak periods has not been – or is not expected to be – of concern in the foreseeable future. Yet FERC and the regional operators must remain proactive by continually monitoring and gauging regional circumstances and taking action if and when circumstances warrant. Furthermore, the Commission must be certain that the proposed changes effectively achieve its objectives of increasing the opportunities for generators in each region to procure pipeline capacity when needed.

IV. CONCLUSION

NGSAs do not wish to second-guess the decisions made by some RTOs and ISOs and their stakeholders that they need to conform to the newly-adopted gas pipeline nomination timeline. However, given that circumstances can change quickly, particularly in light of dramatic changes in fuel usage due to the Clean Power Plan, each regional operator and the Commission should closely monitor any changed circumstances and

¹² For example, ISO-NE’s capacity performance proposal took a considerable amount of time to develop through the stakeholder processes, and necessitated an extended transition period prior to its full effectiveness.

¹³ NGSAs Comments at 2.

take swift action when required, particularly if regional pipeline capacity becomes increasingly constrained. Absent effective measures in place, generators could miss the opportunity to acquire needed pipeline capacity during the Timely Cycle, when pipeline customers with firm contracts have the greatest ability to ensure their capacity requirements can adequately fulfill their power commitments. Such measures are necessary to maintain the current high level of reliable natural gas services to generators in regional markets.

Respectfully submitted,

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