



## II. COMMUNICATIONS

Notices and communications concerning these comments should be addressed as follows:

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## III. COMMENTS

Like the Commission, NGSAs sees electric and natural gas industry coordination as key to ensuring a reliable electric grid and to integrating Variable Energy Resources (“VERs”). NGSAs has, therefore, supported the efforts of the energy industry to work together to tackle hurdles to coordination by participating in the natural gas industry’s dialogue with the North American Electric Reliability Corporation (“NERC”)<sup>3</sup> and by encouraging FERC’s consideration of natural gas’ role in supporting power generation.<sup>4</sup> The Commission should allow industry to focus on these efforts to improve coordination and should deny the attempts by the Joint Parties to resurrect the settled issue of making generic changes to pipeline nominations scheduling because FERC has already ruled that there is no new, generic nomination

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<sup>3</sup>Natural Gas Council Letter to NERC February 24, 2011.

<sup>4</sup>NGSAs comments in RM10-11, March 2, 2011 and April 12, 2010.

schedule that would address the needs of all generators, and because natural gas pipelines can provide individual services to address generators' unique needs.

**A. The Commission has already ruled that the existing pipeline-by-pipeline approach, as opposed to generic changes to the pipeline nomination schedule, is the most effective means to improve gas and electric coordination.**

In Order No. 587-U, FERC reiterated its assertion that a pipeline-by-pipeline approach is the best means to ensure flexible nominations for shippers and that “a simple, one-size fits-all solution does not exist that will solve the complex issue of coordinating between the electric and gas industries, [because] the diversity within the electric industry (e.g., differing timelines, system peaks times, generation mixes, and prevalence of firm gas service), in particular, does not suggest that revising gas scheduling procedures is the most effective means to improve coordination.” The electric and gas industries, as part of the NAESB process leading up to this final rule, have also held extensive discussions on the issue of pipeline nominations over the course of many years and have concluded that there is not a single solution that every pipeline in the nation can implement, that would address the nomination scheduling needs of its shippers.<sup>5</sup> Indeed, effective coordination between the industries requires broader measures than simply synchronizing scheduling deadlines.

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<sup>5</sup> The process utilized by the Business Practices Subcommittee and the Executive Committee to address the intra-day nomination cycle issue took over a year to conclude and included a broad cross section of industry participants from both the electric and gas industries, including over 200 individual industry representatives from more than 26 interstate natural gas pipelines, 27 utilities or electric generators, 11 gas producers or marketers, 7 integrated electric transmission market operators, and 3 state public commissions.

Therefore, NGSAs urge the Commission to maintain its current policy, implemented in Order No. 587-U only last year, of allowing individual pipelines to provide nomination schedules and services tailored to the needs of individual shippers instead of considering implementing generic, cookie-cutter changes to nomination scheduling. In fact, pipelines have already begun accommodating the needs of gas-fired generators by developing more storage and designing new services to serve gas-fired generators.

**B. Pipeline companies can address the needs of generators without making wholesale generic changes to the nation's pipeline nomination schedule.**

Since the Commission encouraged pipelines to provide customized services and scheduling options for shippers in Order No. 587-U, pipelines have been able to respond to the needs of electric generators with novel services. For example, Texas Gas Transmission has developed a "no-notice" service in order to provide greater flexibility to electric generator shippers.<sup>6</sup> Such customized scheduling services could better serve the individual needs of electric generator shippers without forcing wholesale changes on all shippers through a generic change to all pipeline nomination schedules.<sup>7</sup>

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<sup>6</sup> See e.g., *Texas Gas Transmission, LLC*, 130 FERC ¶ 61,158 (2010) (accepting tariff proposal to establish, on a two-year experimental basis, a new Winter No-Notice Service to meet the needs of the electric generation market).

<sup>7</sup> There is evidence that the impact of such generators on interstate pipelines will be relatively limited in scope and region. See INGAA Study; p. 1 "The utilization of a gas - fired generator for firming and, in turn, the utilization of pipeline infrastructure and services to support a generator for such purposes, will be sporadic and relatively infrequent." "The expanded use of wind generation will be felt more in some regions than in others." INGAA Study; p. 2.

Customized pipeline services are a better option for the energy industry than generic changes to nomination schedules. To force the entire natural gas industry to a uniform nomination schedule would result in perverse, inefficient, and unintended outcomes. Instead of changing the entire nomination schedule nationwide to meet the unique needs of a limited number of participants, the Commission should allow shippers to continue to use the current nomination schedule while pipelines work with interconnecting electric generators to develop customized solutions that accommodate the needs of individual generators. The development of specialized services to meet the unique needs of individual shippers or customer classes is also consistent with the Commission's long-held principles of cost responsibility and causation.

#### **IV. CONCLUSION**

FERC has already agreed with NAESB participants and ruled that there is no "one-size-fits-all" change to pipeline nominations that would improve gas/electric coordination and pipelines can provide individualized services that would best meet generators' needs and address the Joint Parties' concerns. It would be inappropriate to involve the entire industry in a proceeding, expending considerable resources, to revisit an issue that has been thoroughly reviewed by the vast majority of the energy industry through NAESB and that was resolved by FERC just one year ago. For the reasons stated above, the Commission should deny the Joint Parties' request to open a new proceeding to consider the issue of

pipeline nomination scheduling and focus the industry's limited resources on the broader issues of system reliability, safety, expansion, and integration.

Respectfully Submitted,

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