

NEWS

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PJM Performance Proposal: Positive Step in the Right Direction, Say Natural Gas Suppliers

(Washington, D.C.) – In comments filed today at the Federal Energy Regulatory Commission (FERC), the Natural Gas Supply Association (NGSA) urged the Commission to approve a proposal from PJM to modify the organized electricity market’s capacity market design in order to promote greater fuel reliability.

Dena E. Wiggins, president and CEO of NGSA said, “We support PJM’s proposed changes to its capacity markets as a positive first step toward fuel assurance in a key electricity market. We’ve long said that the lack of adequate compensation for generators’ fuel investments is the root cause of gas-electric coordination difficulties, and we’re pleased that FERC and PJM are showing their willingness to tackle this problem.”

Patricia Jagtiani, senior vice president of NGSA said, “Without adequate compensation for fuel assurance, it’s understandable that generators would overly rely on just-in-time procurement practices, leaving them at risk to obtaining delivered gas supplies. These practices work as part of a portfolio of options, but total reliance on them is a recipe for problems, especially during periods of peak demand in an era of tight pipeline capacity. Advance gas supply arrangements and firm transportation contracts are important tools for gas-fired generators, providing a level of service flexibility that they need to serve their customers’ varying load demands.”

The costs associated with PJM capacity market improvements are mitigated, NGSA said in its written comments, by the cost savings that would occur when generators aren’t relying solely on spot market pricing to meet their power market obligations. That practice led to spending hundreds of millions of dollars in PJM alone last winter.

NGSA’s filing can be found [here](#).

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NGSA represents integrated and independent companies that supply natural gas. Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy, and promotes the benefits of competitive markets, thus encouraging increased supply and the reliable, efficient delivery of natural gas to U.S. customers. For more information, please visit www.ngsa.org