



VIA ELECTRONIC FILING

November 7, 2017

Chairman Neil Chatterjee
Commissioner Cheryl LaFleur
Commissioner Robert Powelson
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

RE: Grid Reliability and Resilience Pricing, Docket No. RM18-1-000

Dear Chairman Chatterjee, Commissioner LaFleur, and Commissioner Powelson,

GPA Midstream is writing to state our opposition to the Department of Energy's ["DOE"] proposed rule on Grid Resiliency Pricing, rebut certain comments made by NMA and ACCE about natural gas processing and to submit this reply letter in agreement with issues raised by the Natural Gas Supply Association ["NGSA"] in its comments of October 23, 2017.

GPA Midstream has served the U.S. energy industry since 1921. GPA Midstream is composed of nearly 100 corporate members of all sizes that are engaged in the gathering and processing of natural gas into merchantable pipeline gas, commonly referred to in the industry as "midstream activities." Such processing includes the removal of impurities from the raw gas stream produced at the wellhead, as well as the extraction for sale of natural gas liquid products ("NGLs") such as ethane, propane, butane, and natural gasoline. GPA Midstream members account for more than 90 percent of the NGLs produced in the United States from natural gas processing. Our members also operate hundreds of thousands of miles of domestic gas gathering lines and are involved with storing, transporting, and marketing natural gas and NGLs.

GPA Midstream agrees with NGSA and supports NGSA's comments that DOE's proposed preferential fuel treatment lacks legal basis, would subsidize certain uneconomic fuel generators,

would not contribute to reliability or resilience and would unravel the competitive market structure that FERC has promoted for two decades.

Under the law, there must be credible evidence that there is a problem to solve and that the proposed rule has a reasonable chance to solve the problem for FERC to adopt DOE's proposal. Instead, DOE's own recently published Staff Report to the Secretary on Electricity Markets and Reliability contradicts the DOE proposal's insistence on the need for urgent action. In fact, DOE's report revealed that today's electric grid relies on a strong and diverse fuel mix, with natural gas providing a critical role as both a reliable, baseload fuel that the grid can rely on day-in and day-out, and as an important backstop for other intermittent fuel sources that cycle on and off.

GPA Midstream does not agree with or support ACCCE and NMA's comments on gas processing potential vulnerabilities. We feel those comments touch on a complicated issue and only focus on part of the story. They are correct that there were natural gas processing issues as a result of Hurricanes Katrina and Rita in 2005. However, the midstream industry has advanced and addressed those potential issues to ensure that midstream operations are much more resilient. This was most recently evidenced with the three category 4 hurricanes that made landfall this year. More specifically, Hurricane Harvey, although extremely devastating, proved the resiliency of midstream operations and proved that the efforts undertaken by the midstream industry to minimize potential disruptions did prevent the types of issues experienced in 2005. Midstream operations were able to weather the hurricanes this season while ensuring little or no disruption to gas supply. ACCCE and NMA's comments rely on outdated events and miss this crucial point.

GPA Midstream appreciates the opportunity to submit comments regarding proposed rule on Grid Resiliency Pricing. Please feel free to contact me if you have any further questions.

Respectfully submitted,

Matthew Hite
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GPA Midstream Association