

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

**Coordination of the Scheduling Processes) Docket No. RM14-2-000
of Interstate Natural Gas Pipelines and)
Public Utilities)**

**COMMENTS OF THE NATURAL GAS COUNCIL
IN RESPONSE TO RTO/ISO DATA REQUEST SUBMISSIONS**

Pursuant to the Notice issued January 7, 2015, in this proceeding,¹ the Natural Gas Council (“NGC” or “Council”) hereby comments on the answers submitted in response to the December 12, 2014 data requests (“December 12 data requests”) sent by the Federal Energy Regulatory Commission’s (“FERC” or “the Commission”) Office of Energy Policy and Innovation (“OEPI”) to each U.S. Regional Transmission Organization (“RTO”) and Independent System Operator (“ISO”).² The Council members and other entities supporting these comments represent segments along the entire natural gas value chain from production, gathering, processing to transmission, distribution and end-use of natural gas.³

The RTO/ISO responses clearly confirm that there is not a nationwide problem during the morning electric ramp associated with the current start time of the Gas Day.

¹ Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities, 80 Fed. Reg. 1478 (Jan. 12, 2015).

² On December 12, 2014, OEPI sent data requests to the California Independent System Operation Corporation (“CAISO”), the ISO New England Inc. (“ISO-NE”), the New York Independent System Operator, Inc. (“NYISO”), PJM Interconnection, L.L.C. (“PJM”), the Midcontinent Independent Transmission System Operation, Inc. (“MISO”), and Southwest Power Pool, Inc. (“SPP”). Also see *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Notice of Proposed Rulemaking, Docket No. RM14-2-000 (March 20, 2014) (“NOPR”).

³ Entities supporting these comments include the American Forest & Paper Association (“AF&PA”), American Gas Association (“AGA”), America’s Natural Gas Alliance (“ANGA”), the American Public Gas Association (“APGA”), the Gas Processors Association (“GPA”), the Independent Petroleum Association of America (“IPAA”), the Interstate Natural Gas Association of America (“INGAA”), the Natural Gas Supply Association (“NGSA”), the Process Gas Consumers Group (“PGC”), and the Texas Pipeline Association (“TPA”).

Moreover, no RTO or ISO has shown a causal link between generator de-rate issues and the current 9:00 am CT start of the Gas Day. Given that the responses fail to provide sufficient record evidence for the Commission to meet its burden under section 5 of the Natural Gas Act that the current 9:00 am CT Gas Day start time is no longer just and reasonable, and that a 4:00 am CT start of the Gas Day is just and reasonable, the NGC renews its request that the Commission retain the 9:00 am CT Gas Day as the national standard.

I. The RTO/ISO responses confirm that there is no nationwide issue associated with a 9:00 am CT Gas Day start time.

The RTOs' and ISOs' responses to the December 12 data requests confirm that there is not a widespread, national issue associated with a 9:00 am CT Gas Day start time that deserves a nationwide change. In fact, responses submitted by three regions indicate no issue with their morning electric ramp associated with the current Gas Day. For instance, CAISO states it "has not located any record of a natural gas-fired generator notifying the CAISO that the generator had to de-rate a unit during the hours of 3:00 am and 9:00 am [CT] because the generator exhausted its daily nomination of natural gas transportation service prior to the end of the gas day" and CAISO further states that "natural gas-fired generators operating in the CAISO balancing authority generally do not face problems securing sufficient fuel to meet the morning electric ramp under existing electric and gas market timelines."⁴ Similarly, MISO states that it "has not experienced

⁴ See Response of the California Independent System Operator Corp. to Data Request, Docket No. RM14-2-000 at 4, 7-8 (Jan. 14, 2015) ("CAISO Response").

any significant impacts caused by generators running out of natural gas during the morning ramp.”⁵

While not making a direct assertion as to whether it believes a 9:00 am CT Gas Day has impacted gas-fired generator de-rates in the SPP region, SPP states that it does not collect data that would allow it to accurately assess the underlying cause of de-rates by gas-fired generators.⁶ Also, out of a total of 5,603 outages in SPP during the two-year period (2013-2014), only one-fourth (1,461) of the outages occurred between the hours of 3:00 am and 9:00 am CT, which is no more outages during the morning timeframe than the number of outages that occurred during all other hours of the day.⁷

Moreover, as discussed below, the data provided by the other three RTOs and ISOs fails to show any direct correlation between generator de-rates and the 9:00 am Gas Day.⁸ However, simply on the face of these three submissions by CAISO, MISO and SPP alone, it is evident that no nationwide issue exists that would justify a change to the current Gas Day. Therefore, as the NGC argued in its November 28, 2014 comments in this docket,⁹ the case cannot be made that there is a need to impose a national “solution” on the entire natural gas industry to address what are, at best, limited regional power market issues.

⁵ See Response of the Midcontinent Independent System Operator, Inc. to the Commission’s December 12, 2014 Data Request, Docket No. RM14-2-000 at 5 (Jan. 14, 2015) (“MISO Response”).

⁶ See Southwest Power Pool Submission of Response to Data Request, Docket No. RM14-2-000 at 2-3 (Jan. 22, 2015) (“SPP Response”).

⁷ See *id.* at 1.

⁸ Even if a correlation had been established, that would not lead to the more-difficult-to-prove conclusion that the current Gas Day is the cause of generator de-rates.

⁹ See Comments of the Natural Gas Council, Docket No. RM14-2-000 at 8 (Nov. 28, 2014) (“NGC Comments”).

II. There is no compelling data to support a finding that the current Gas Day creates reliability issues during the morning ramp period in regional power markets.

The data submitted by the RTOs and ISOs fails to make a case that the Gas Day is associated with gas-fired generator outages given that: (1) the data collected in regional power markets is too vague to accurately reflect the true cause of generator outages; (2) the reported outages during the reporting timeframes are not out of proportion with the de-rates experienced during other times of the day; and (3) there is no evidence that regional reliability has been impacted by the current Gas Day.

a. The data collected in regional power markets is too vague to determine the true cause of generator outages.

While the RTO and ISO data shows that some natural gas generators experienced outages related to fuel, there is no data indicating that the cause of the lack of fuel is related to the start of the Gas Day. MISO, SPP, PJM and ISO-NE each acknowledge that their current information collection systems are inadequate to provide the level of specificity required to conclude if de-rates occurred due to exhaustion of gas nominations.¹⁰ Specifically, MISO states that its “data does not contain the level of detail and specificity to reflect if the fuel-related outages were specifically due to the generators having exhausted their daily nomination of natural gas transportation service prior to the end of the gas day.”¹¹

¹⁰ See, e.g., MISO Response at 3; SPP Response at 2-3; Responses of PJM Interconnection, L.L.C. to Federal Energy Regulatory Commission Data Request, Docket No. RM14-2-000 at 4 (“[t]his information may not be complete, as this data is not information required by PJM”) (“PJM Response”); Response of ISO New England Inc. to Data Requests, Docket No. RM14-2-000 at 1 (indicating that the data provided are inadequate) (“ISO-NE Response”).

¹¹ See MISO Response at 3.

The information systems neither reveal whether outages occurred due to a generator running out of nominated gas, nor do the “cause codes” submitted by PJM and NYISO reveal the actual reasons for the listed instances of outages or de-rates. The cause codes provided by the generators to PJM and NYISO are so vague that they are useless for purposes of understanding the root cause of the specific problem experienced by the generators.¹² Charts submitted by the RTOs and ISOs show that generators used a variety of terms that generally fall under the category of “lack of fuel.”¹³ However, a “lack of fuel” can be attributed to any number of factors, including a generator’s decision not to purchase available supplies if it found that it was not in its economic best interest to do so.¹⁴ Further, such vague terms could reflect a generator’s inability or decision not to procure the quantity of delivered gas or the types of arrangement(s) it may have needed to meet its dispatch obligations. Given the lack of detail provided, it is impossible to detail whether the generators contracted for firm or interruptible transportation, whether they made adequate advance arrangements with marketers or producers to secure delivered gas or whether the regional operator gave unexpected dispatch orders. NYISO acknowledges this fact by stating that, “the de-rates were more likely related to limitations on natural gas customers’ ability to receive/take gas, such as [Operational Flow Orders] which require gas customers to operate within tight tolerances,

¹² See PJM Response at Public Attachment; New York Independent System Operator, Inc. Response to Data Request and Request for Privileged Treatment of Appendices A and B, Docket No. RM14-2-000 at Appendix B (Jan. 22, 2015).

¹³ See, e.g., NYISO Response at Appendix B.

¹⁴ NYISO’s submission states, “A significant number of the hours with natural-gas fired generator de-rates, **more than one-third**, involved **only one generator**.” (emphasis added). *Id.* at 2. The NGC strongly encourages the ISO and the Commission to take a very hard look to identify how these issues could persist over the long-term for a single generator.

or generator-specific issues that might, or might not, be related to the availability of gas supply.”¹⁵

Even if a generator were to run out of gas before the beginning of the next Gas Day, causing it to de-rate, it is not indicative of a problem with the 9:00 a.m. CT start of the Gas Day. If a shipper did not contract for sufficient transportation capacity, supply or swing services to meet its electric burn obligation, this de-rate problem would exist irrespective of when the Gas Day begins.

In instances in which the outage was due to a pipeline Operational Flow Order (OFO),¹⁶ the problem also would not be attributable to when the Gas Day begins, but would simply result from the pipeline enforcing its FERC-approved tariff that holds all shippers strictly to their firm contractual tolerances and requires receipts of gas to equal the amount of gas delivered. Thus, when a generator de-rates during an OFO, (1) it likely over-relied on the pipeline to provide more flexibility for hourly takes than the generator contractually was entitled to take, and that the pipeline contractually was obligated to provide, or (2) it likely relied on interruptible transportation (and sometimes secondary firm transportation) that subsequently was restricted in order for the pipeline to meet its firm contractual obligations.

Without more specificity in terms of what caused an outage or de-rate for a particular generator, the information provided in these submissions cannot be relied upon

¹⁵ See *id.* at 6, Question 2(iv).

¹⁶ Pipeline OFOs typically are issued to protect the pipeline’s operational integrity (and that of its shippers) and to ensure that the pipeline can meet its firm contractual entitlement obligations to all of its shippers, including residential heating load.

to develop an understanding of the problems experienced by gas-fired generators in their region, let alone to support a change to the start of the Gas Day.¹⁷

b. The outages during the reporting timeframe reveal that there is no measured increase in outages during the morning ramp period than at other times during the day.

Based on the data the RTOs and ISOs provided, regional markets generally did not experience more outages during the morning ramp than they experienced during other times of the day. As noted above, out of a total of 5,603 outages during the two year period (2013-2014) in SPP's region, only one-fourth (1,461) of the outages occurred between the hours of 3:00 am and 9:00 am CT.¹⁸ The results are similar for at least two of the three RTOs and ISOs that contend the current Gas Day leads to outages during their morning ramp. NYISO's data shows that 4,966 out of 20,784 hourly notifications of outages or reduced output (23%) occurred between 3:00 am CT and 9:00 am CT.¹⁹ Even based on ISO-NE's own assumptions, only 27 outages out of the total 173 outages (15%) could possibly have a correlation to the 9:00 am CT Gas Day.²⁰ In PJM, while reflecting 55% of outages during the 3:00 am CT to 9:00 am CT timeframe in 2014, only 24% of the outages in 2013 occurred during that timeframe, which is proportional to the number of outages that occurred during the other hours of the day.²¹

Since the reported outages occurred at relatively the same rate during other times of the day in nearly all of the examples cited above, it is not possible to conclude that

¹⁷ The NGC notes that PJM and NYISO submitted non-public data to the Commission. It would be a fundamental due process violation for the Commission to rely on any non-public data in its final rule.

¹⁸ See SPP Response at 1.

¹⁹ See NYISO Response at 1.

²⁰ In fact, ISO-NE had to go outside the specified timeframe to October 2012 to provide a "good example" in which seven generator reductions occurred during the morning ramp. See ISO-NE Response at 2.

²¹ See PJM Response at 1.

there is a correlation, or even imply that there is causation, between the beginning of the Gas Day and outages during the morning electric ramp. Moreover, the data does not show that the Gas Day was a major contributing factor to generator outages, nor does it show that the current Gas Day start time affected the overall reliability of regional power markets.

III. Conclusion.

The record evidence submitted by the RTOs and ISOs in this docket does not meet the burden of proof required under the Natural Gas Act to support a change in the start of the Gas Day. Simple assertions and data that fails to show a direct or even a causal link between gas-fired generator outages and a 9:00 am CT Gas Day do not provide sufficient record evidence for moving the start of the Gas Day. Similarly, unsupported assertions that generators would be “better positioned”²² with an earlier Gas Day or data that relies on vague outage codes are not sufficient record evidence to satisfy the Commission’s Natural Gas Act section 5 burden necessary to change the current national 9:00 am CT Gas Day and move to a 4:00 am CT Gas Day.

Additionally, the Commission has initiated an effort to assess how each regional power market is addressing fuel assurance.²³ As attention finally is focused on addressing regional power market fuel assurance improvements, the NGC and others supporting these comments hope that both the Commission and RTOs/ISOs will recognize that changing the start of the Gas Day is not the answer to creating measured improvements in fuel assurance.

²² See ISO-NE Response at 8.

²³ See Centralized Capacity Mkts. in Reg’l Transmission Orgs. and Indep. Sys. Operators, *et al.*, 149 FERC ¶ 61,145 (2014).

For these reasons, and in light of the overall disruption to the natural gas industry that would ensue from the proposed change to the start of the Gas Day,²⁴ the NGC and others supporting these comments strongly urge the Commission to retain the current national 9:00 am CT Gas Day.

Respectfully submitted,

[Signatures on following pages]

²⁴ New challenges will likely be introduced into all natural gas system operations under a 4:00 am CT Gas Day that could impact deliveries into the downstream market to natural gas customers. See NGC Comments at 7-11. Thus, the NGC and others supporting these comments have a strong interest in ensuring that the same level of operational coordination that occurs under a 9:00 am Gas Day is preserved so that downstream natural gas deliveries to natural gas customers are not adversely impacted.

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February 2, 2015

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