Via email and posting

April 28, 2023

Dear GEH Forum Participants,

Please find attached a final survey/request for comments in advance of our next scheduled Gas-Electric Harmonization Forum meeting on May 17, 2023 from 1:00 pm to 4:00 pm Central. To participate in this process and submit a survey, please respond the questions presented through the following hyperlink: <https://www.surveymonkey.com/r/JKBQ8J2>. As with previous surveys, it is not necessary to submit a survey in order to participate in the meeting; however, the responses provided will be included in the record and will shape the direction of our final report.

A Microsoft Word version of the survey/request for comments is attached for your review prior.

* To complete the survey online, simply follow the instructions as you move from page to page through the platform. Your answers will be saved as you take the survey online, and you may leave and return to the survey when convenient for you. You may also re-enter the survey and modify your responses prior to the cutoff date of May 12, 2023.
* If you prefer not to take the online version of the survey and would rather complete a Microsoft Word document version, you may do so by emailing it to the NAESB office (naesb@naesb.org) by the cutoff date.
* As a respondent, you should identify with a NAESB Quadrant and Segment or as an observer when forwarding your responses and comments. A description of the NAESB Quadrant and Segments can be found through the following hyperlink: <https://www.naesb.org/pdf4/geh_balanced_voting_quadrant_segment_descriptions.doc>.

Again, responses are requested by **close of business on May 12**. If you choose to take the survey via Microsoft Word, when you email it to the office, you will receive a notification from the office that it has been received.

Thank you for your time and for your commitment to the GEH Forum –

| **Gas Electric Harmonization Forum Meeting Survey****Due May 12, 2023** |
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| **Submitter Information** |
| **1.** | **Please provide your contact information:** |
|  | Company/Organization: |  |
|  | Representative: |  |
|  | Email Address: |  |
|  | Phone Number |  |
|  |  |  |
| **2.** | **For the purposes of participating in the Gas Electric Forum, are you responding as *(please check one box only)*:** |
|  |[ ]  Wholesale Gas Market – Producer |
|  |[ ]  Wholesale Gas Market -- Pipeline |
|  |[ ]  Wholesale Gas Market -- Distributor |
|  |[ ]  Wholesale Gas Market – Services or Technology Company |
|  |[ ]  Wholesale Gas Market – End User |
|  |[ ]  Wholesale Electric Market – Transmission Company |
|  |[ ]  Wholesale Electric Market – Generator |
|  |[ ]  Wholesale Electric Market – Distributor/Load Serving Entity |
|  |[ ]  Wholesale Electric Market – End User |
|  |[ ]  Wholesale Electric Market – Independent Grid Operator & Planner |
|  |[ ]  Wholesale Electric Market – Marketer/Broker |
|  |[ ]  Wholesale Electric Market – Technology or Service Company |
|  |[ ]  Retail Energy Market – Retail Electric Service Provider/Supplier |
|  |[ ]  Retail Energy Market – End User/Public Agency |
|  |[ ]  Retail Energy Market – Retail Gas Market Company |
|  |[ ]  Retail Energy Market – Retail Electric Utility |
|  |[ ]  Other Market Participant / Observer |

**Measures to improve the ability of generators to obtain fuel during extreme cold weather events when natural gas heating load and natural gas-fired generators are both in high demand for natural gas, at the same time that natural gas production may have decreased**

*3.a* *Which entity has authority to require certain natural gas-fired generating units to obtain either firm supply and/or transportation or dual fuel capability, under what circumstances such requirements would be cost-effective, and how such requirements could be structured, including associated compensation mechanisms, whether additional infrastructure buildout would be needed, and the consumer cost impacts of such a buildout*

In the FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and the South Central United States, it was stated that “[i]n 2012, natural gas-fired generating units told the Commission that they were not subscribing to firm transportation contracts on pipelines because their capacity use was not high enough to make the decision economic,”[[1]](#footnote-1) and that “[t]o address this concern, some natural gas pipelines told the Commission they were offering enhanced flexible firm transportation and storage services. Still, the Commission learned that many generators were not subscribing to these services, mainly due to cost concerns.”[[2]](#footnote-2) As part of the GEH Forum, participants have indicated that these concerns persist.

1. Are there new approaches or thoughts that have not been discussed within the GEH Forum, including policy changes, incentives, or cost-recovery mechanisms, applicable to either gas or electric markets, that may better enable market participants to obtain, in a cost-effective manner, firm supply/transport and/or dual fuel capability to support reliability?

As part of the February Survey, there was significant support from both wholesale gas and wholesale market participants regarding recommendations to streamline the certificate review process and expediate the pipeline permitting processes for new infrastructure.

1. What specific actions could be taken by legislators, regulators, or industry to make these processes more efficient?
2. What impacts will additional infrastructure buildout have on consumer costs?
3. Are there any additional recommendations for action related to area 3.a that have not been previously offered and should be included for consideration?

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*3.b* *[Recommendation 24] Possible options for increased regasification of liquid natural gas (including possible Jones Act Waivers)*

*3.h Whether or how to increase the number of “peak-shaver” natural gas-fired generating units that have on-site liquid natural gas storage*

Throughout the GEH Forum, there have been various discussions regarding the regasification of LNG, and the February survey included recommendations regarding the “peak-shaver” natural gas-fired generating units that utilize LNG as well as the creation of a call market option for LNG. However, during the April 27 GEH Forum meeting, there were discussions regarding the viability of LNG as a broadly applicable solution as potential costs may be disproportionate to received benefits.

1. Are there policy changes, incentives, or cost-recovery mechanisms that could encourage more cost-effective utilization of LNG by “peak-shaver” natural gas-fired generating units, including the use of on-site LNG storage?
2. How could the development of a call market option for LNG be facilitated?
3. Are there any recommendations for action related to areas 3.b or 3.h that have not been previously offered and should be included for consideration?

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*3.c* *Which entity has authority, and under what circumstances, to take emergency actions to give critical electric generating units pipeline transportation priority second only to residential heating load, during cold weather events in which natural gas supply and transportation is limited but demand is high*

As stated in the FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and the South Central United States, an emergency order was issued by the Texas Railroad Commission (RRC) during Winter Storm Uri that elevated natural gas deliveries to electric generators serving human needs customers as second in priority behind deliveries to residences, schools, hospitals, churches, and local distribution companies serving humans needs customers.

1. Would it be beneficial if guidance was developed that the designated authority could reference when considering such actions as a way to promote consistency across regions?
2. What factors should be considered by an entity with the designated authority in establishing natural gas curtailment programs or priorities of service?
3. Are there any recommendations for action related to area 3.c that have not been previously offered and should be included for consideration?

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*3.d* *Whether resource accreditation requirements for certain natural gas-fired generating units should factor in the firmness of a generating unit’s gas commodity and transportation arrangements and the potential for correlated outages for units served by the same pipeline(s)*

This section of the February Survey included proposals to consider fuel security, firmness of fuel supply and fuel transportation, and expected generation availability as part of capacity accreditation as well as a to re-examine the duration of commitments in capacity auctions. Several wholesale electric participants responded to indicate that these requirements are already in place or efforts are underway in these areas.

1. What resource accreditation requirements addressing fuel security, fuel supply, and expected generation availability are currently in place by market and system operators?
2. Are there new or modified resource accreditation requirements that should be considered in order to better promote reliability, and, if so, what are they?

The February Survey included recommendations that proposed new market-based products or alternative service options that provide fast ramping and frequency, capacity performance/pay-for-performance programs, or price signals to incentivize long-term contracting arrangements and encourage fuel procurement in advance of critical weather events. During the April 27 GEH Forum meeting, there was discussion in this area and specific references to the ERCOT Firm Fuel Supply Service.

1. Are there other specific market-based products or alternative service options that have not been recommended and should be considered?
2. Are there any recommendations for action related to area 3.d that have not been previously offered and should be included for consideration?

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*3.e* *Whether there are barriers to the use of dual-fuel capability that could be addressed by changes in state or federal rules or regulations. Dual-fuel capability can help mitigate the risk of loss of natural gas fuel supply, and issues to consider include facilitating testing to run on the alternate fuel, ensuring an adequate supply of the alternate fuel and obtaining the necessary air permits and air permit waivers. The forum could also consider the use of other resources which could mitigate the risk of loss of natural gas fuel supply*

The FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and the South Central United States discussed dual-fuel and fuel switching capabilities for generators, stating that there are “both economic and reliability benefits: allowing operators to purchase the cheaper of two fuels and have an alternate source of fuel if one source is interrupted or curtailed.”[[3]](#footnote-3) However, the Report noted that during Winter Storm Uri, there were generating units with this capability that either did not switch fuel sources or were unsuccessful in such attempts.[[4]](#footnote-4)

1. What actions could be taken by state or federal regulators or legislatures to encourage fuel switching during critical events?
2. Are there additional actions that could be taken by market and system operators to ensure these generating units are prepared to switch fuel sources when necessary for reliability purposes?
3. Are there any recommendations for action related to area 3.e that have not been previously offered and should be considered for inclusion?

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*3.f Increasing the amount or use of market-area and behind-the-city-gate natural gas storage*

The FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and the South Central United States recommended the consideration of how policymakers could encourage “investments in strategic natural gas storage facilities, which could be located to serve the majority of pipelines supplying natural gas-fired generating units, and preserved for use during extreme cold events,”[[5]](#footnote-5) and there was significant support among all respondents to the February Survey to proposals to expand storage opportunities along pipeline systems as well as to allow pipelines to build in reserve capacity

1. Are there policy changes, incentives, or cost-recovery mechanisms that could encourage additional, strategically located storage infrastructure?

Both wholesale electric and wholesale gas respondents highly supported a proposal to consider expanding the integration of alternative fuels or LNG produced and stored behind the city gate but not many comments were submitted regarding this recommendation.

1. Are there policy changes, incentives, or cost-recovery mechanisms that could encourage the development of alternative fuel/LNG production and storage facilities behind the city gate?
2. Are there any recommendations for action related to area 3.f that have not been previously offered and should be included for consideration?

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*Load Forecasting*

Several recommendations in the FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and the South Central United States address improvements to load forecasting, and as part of the GEH Forum record for October 21, November 8, and April 4, there have been discussions in this area, including methods to better account for anticipated load ahead of critical events as well as cross-market communications regarding expected natural gas demand. While several general suggestions have been made, not many detailed recommendations have been provided.

1.) Are there additional actions that should be considered to improve upon load forecasting that are not already being addressed by the industry, including through NERC?

1. See page 202 [↑](#footnote-ref-1)
2. See pages 202 – 203 [↑](#footnote-ref-2)
3. See page 203 [↑](#footnote-ref-3)
4. See pages 203 – 204 [↑](#footnote-ref-4)
5. See page 234 [↑](#footnote-ref-5)