November 16, 2021

TO: NAESB Gas Electric Harmonization Committee

FROM: Michael Desselle, Chairman, North American Energy Standards Board

RE: Proposed Standards Development to Support Coordinated Commercial Practices Between the Natural Gas and Electric Markets During Impending Extreme Weather-Related Emergency Operating Conditions

Dear Committee Members –

First, let me thank you all for your commitment to NAESB and for your leadership within the organization as members of the NAESB Board Gas Electric Harmonization Committee. Our activities and discussions over this summer in response to Winter Storm Uri and the feedback we received through our request for comments and proposals were very helpful in the identification of issues and potential solutions that may improve coordination between the natural gas and electric markets. Although there was not overwhelming support by the Committee to recommend standards development within NAESB to address *any* specific issue *or* proposal until the results of the joint inquiry of FERC, NERC and Regional Entities on the February 2021 Cold Weather Grid Operations were published, the Committee’s willingness to explore ideas and potential activities that could be undertaken to support improved coordination is commendable. Based upon our discussions and the industry responses we received from our request for comments and proposals, it is apparent that the ever-growing reliance on natural gas for electric generation and the increased frequency of extreme weather events will present new challenges that the industry must face in order to ensure a reliable and resilient electric grid, which is critically important for the well-being and safety of the country.

As you all well know, NAESB is a unique organization that provides a forum for open discussion and an open, equitable process for the development of standards that convene and harmonize the interests of both the natural gas and electric industries. Utilizing this process to develop standards that ensure the commercial processes of both the natural gas and electric markets are coordinated and working at peak efficiency is in the public interest and the interest of the energy industry at large. While NAESB’s scope of work and our mission as an organization is focused solely on commercial practices that implement existing energy policy, I believe there is an opportunity to update and improve our current body of standards that would be supportive of other efforts in the industry at this time. To accomplish this and ensure that we are using our organization’s resources effectively, collaboration on a suite of standards development efforts having the reasonable likelihood of success and general consensus is in our collective best interests. Accordingly, I have developed a draft joint standards development request for both the wholesale electric quadrant and the wholesale gas quadrant based upon our previous discussions. The draft is attached to this letter for your review, and I would greatly appreciate the feedback of Committee members, and potentially an endorsement, prior to its official submission to the NAESB office.

The standards development request proposes that the quadrants work together jointly to expand upon the existing gas and electric coordination standards that were developed by the organization in 2005 and adopted by the Commission through Order No. 698 and any other necessary quadrant specific standards. While the impetus to reconvene the Board Committee was the electric grid stresses and failures that resulted from Winter Storm Uri, the development of new standards and modifications to existing standards that improve communications and information sharing between the natural gas pipelines, balancing authorities and electric generating facilities in the event of extreme weather-related conditions will be helpful. The development of the existing consensus standards was an important first step in supporting market coordination through standardization by NAESB; however, expanding upon these standards and providing additional granularity and new protocols for extreme weather related conditions is timely and appropriate given the evolution of the interdependency of the two markets.

I look forward to your input regarding the standards request proposal and hope that all parties will come to the table prepared to fully engage in the development process in good faith for the betterment of the industry and NAESB as an organization.

Additionally, I believe there is an opportunity for NAESB to support the findings and recommendations included in the final FERC, NERC and Regional Entities Staff Report[[1]](#footnote-1)[1] released today.  Specifically, the report recommends that the FERC consider establishing a forum to identify actions that will improve the reliability of the natural gas infrastructure system as necessary to support the bulk electric system and to address recurring challenges stemming from natural gas-electric infrastructure interdependency. NAESB’s role as an established ANSI accredited convener of both the natural gas and electric markets with representation from all segments of the supply chain uniquely positions our organization to provide support in addressing the report recommendation. Moreover, in 2014 NAESB created the NAESB Gas Electric Harmonization Forum for the purpose of recommending natural gas and electric market coordination actions – providing the necessary structure needed for cross market decision making. Our long history of working with the industry in this area to support requests from the Commission beginning in 2005 and guidance from the National Petroleum Council in 2011 has proven that we are capable of analyzing challenging issues concerning market coordination and delivering balanced, consensus based solutions that lead to improved operations in both markets.

Best regards,

Michael Desselle

Chairman, NAESB

cc: Valerie Crockett, Vice Chair, NAESB

Rae McQuade, President, NAESB

Jonathan Booe, Executive Vice President, NAESB

**North American Energy Standards Board**

**Request for Initiation of a NAESB Business Practice Standard, Model Business Practice or Electronic Transaction**

**or**

**Enhancement of an Existing NAESB Business Practice Standard, Model Business Practice or Electronic Transaction**

**Instructions:**

 **1. Please fill out as much of the requested information as possible. It is mandatory to provide a contact name, phone number and fax number to which questions can be directed. If you have an electronic mailing address, please make that available as well.**

 **2. Attach any information you believe is related to the request. The more complete your request is, the less time is required to review it.**

 **3. Once completed, send your request to:**

 **Rae McQuade**

 **NAESB, President**

 **801 Travis, Suite 1675**

 **Houston, TX 77002**

 **Phone: 713‑356‑0060**

 **Fax: 713‑356‑0067**

 **by either mail, fax, or to NAESB’s email address, naesb@naesb.org.**

**Once received, the request will be routed to the appropriate subcommittees for review.**

**North American Energy Standards Board**

**Request for Initiation of a NAESB Business Practice Standard, Model Business Practice or Electronic Transaction**

**or**

**Enhancement of an Existing NAESB Business Practice Standard, Model Business Practice or Electronic Transaction**

 Date of Request: November 16, 2021

1. Submitting Entity & Address:

 Southwest Power Pool

 201 Worthen Drive

 Little Rock, AR 72223

2. Contact Person, Phone #, Fax #, Electronic Mailing Address:

 Name : Michael Desselle

 Title : Vice President, Chief Compliance and Administrative Officer

 Chairman, NAESB Board of Directors

 Phone : (501) 614-3206

 Fax : (501) 664-9553

 E‑mail : mdesselle@spp.org

1. Title and Description of Proposed Standard or Enhancement:

Title: Standards Development to Support Coordinated Commercial Practices Between the Natural Gas and Electric Markets During Impending Extreme Weather-Related Emergency Operating Condition

Description: In response to the FERC, NERC Joint Inquiry into 2021 Cold Weather Grid Operations and the activities of the NAESB Gas Electric Harmonization Committee in 2021, SPP is proposing that the NAESB Wholesale Electric Quadrant (WEQ), working jointly with the NAESB Wholesale Gas Quadrant (WGQ), consider standards development to support improved communication between the natural gas and electric markets during weather-related emergency operating conditions. Specifically, NAESB should investigate and consider the development of new standards and/or update its existing standards to:

1. Define a standard for the declaration of an Impending Extreme Weather-Related Emergency Operating Conditions by Balancing Authorities and Natural Gas Pipelines consistent with other industry designations.
2. Create standard designations of Critical Electric Infrastructure Facilities during Impending Extreme Weather-Related Emergency Operating Conditions consistent with other industry designations
3. Create standard designations of Critical Natural Gas Infrastructure Facilities that are essential to the operations of Critical Electric Infrastructure Facilities during Impending Extreme Weather-Related Emergency Operating Conditions consistent with other industry designations.
4. Define standards and communication protocols that support commercial information sharing between critical parties during Impending Extreme Weather-Related Emergency Operating Conditions.
5. Use of Proposed Standard or Enhancement (include how the standard will be used, documentation on the description of the proposed standard, any existing documentation of the proposed standard, and required communication protocols):

A. Pipelines should identify Critical Natural Gas Infrastructure Facilities.

B. Critical Natural Gas Infrastructure Facilities should include:

1. Natural gas pipelines requiring electricity to control and/or measure natural gas deliveries to Critical Electric Infrastructure Facilities requiring natural gas to generate electricity.
2. Electric powered natural gas compressors required to transport gas to, or on, pipelines delivering natural gas to Critical Electric Infrastructure Facilities requiring natural gas to generate electricity.
3. Natural gas processing facilities requiring electricity in order to provide pipeline quality gas to, or on, pipelines delivering natural gas to Critical Electric Infrastructure Facilities requiring natural gas to generate electricity.
4. Natural gas gathering facilities requiring electricity to control and/or measure flows into facilities required to transport, or process, natural gas to, or on, pipelines delivering natural gas to Critical Electric Infrastructure Facilities requiring natural gas to generate electricity.

C. Balancing Authorities should identify Critical Electric Infrastructure Facilities

D. Critical Electric Infrastructure Facilities should include:

1. Electric generating facilities, including those requiring natural gas to generate electricity, required to meet demand for electricity, including electricity to enable Critical Natural Gas Infrastructure Facilities to operate.

E. Balancing Authorities and Natural gas pipelines should identify what constitutes an Impending Extreme Weather-Related Emergency Operating Condition

F. An Impending Extreme Weather-Related Emergency Operating Condition should include:

1. Temperature and wind speed conditions which are such that significant freezing of Critical Natural Gas Infrastructure Facilities can occur.
2. Temperature and wind speed conditions which are such that significant freezing of Critical Electric Infrastructure Facilities can occur.
3. Temperature and wind speed conditions which are such that significant increases in electricity demand can occur.
4. Temperature and wind speed conditions which are such that significant increases in natural gas demand can occur.

G. Balancing Authorities and Natural gas pipelines should recognize that any one of the above weather conditions will constitute Impending Extreme Weather-Related Emergency Operating Conditions.

H. Standard information sharing and communication protocols to support electricity scheduling/service priorities should be developed by Balancing Authorities for the purpose of providing service to Critical Natural Gas Infrastructure Facilities when Impending Extreme Weather-Related Emergency Operating Conditions exist.

I. Standard information sharing and communication protocols to support natural gas scheduling/service priorities should be developed by Pipelines for the purpose of providing service to Critical Electric Infrastructure Facilities when Balancing Authority(ies) when Impending Extreme Weather-Related Emergency Operating Conditions exist.

5. Description of Any Tangible or Intangible Benefits to the Use of the Proposed Standard or Enhancement:

 Improved communications and information sharing between the natural gas pipelines, balancing authorities and electric generating facilities in the event of extreme weather related conditions to support scheduling/service priorities for critical assets in the supply chain will mitigate and/or avoid load shedding events that impact their operations

6. Estimate of Incremental Specific Costs to Implement Proposed Standard or Enhancement:

 Unknown at this time

7. Description of Any Specific Legal or Other Considerations:

Standards developed in support of this standards request should be consistent with NAESB WEQ Business Practice Standard No. WEQ-011-01.1 and NAESB WGQ Standard No. WGQ 0.3.11. These standards do not convey any rights or services beyond or in addition to those contained in the TSP’s tariff and/or general terms and conditions and/or do not impose any obligations that would otherwise be inconsistent with the requirements of applicable regulatory authorities. These communication standards should be used in addition to the NAESB WGQ standard nomination timeline and scheduling processes for the TSP’s contract / tariff services. In the event of a conflict between any of these communication standards and the TSP’s tariff or general terms and conditions, the latter will prevail.

8. If This Proposed Standard or Enhancement Is Not Tested Yet, List Trading Partners Willing to Test Standard or Enhancement (Corporations and contacts):

 Trading partners have not yet been identified.

9. If This Proposed Standard or Enhancement Is In Use, Who are the Trading Partners:

 The proposed standards are not currently in use.

10. Attachments (such as : further detailed proposals, transaction data descriptions, information flows, implementation guides, business process descriptions, examples of ASC ANSI X12 mapped transactions):

 NA

1. [1] The February 2021 Cold Weather Outages in Texas and the South Central United States can be found through the following hyperlink: <https://www.naesb.org/pdf4/ferc_nerc_regional_entity_staff_report_Feb2021_cold_weather_outages_111621.pdf> [↑](#footnote-ref-1)