##### February 13, 2017

**TO:** All Interested Parties

**FROM:** Elizabeth Mallett, NAESB Deputy Director

**RE: Gas-Electric Harmonization Update**

In response to the April 16, 2015 Federal Energy Regulatory Commission (FERC or Commission) Order No. 809, *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities* and the subsequent September 17, 2015 Order on Rehearing, the WGQ Executive Committee will meet on February 23, 2017 to consider eight recommendations from the WGQ Business Practices Subcommittee (BPS). The annual plan items were a direct result of the NAESB GEH Forum activities between January 12, 2016 and May 13, 2016, as well as three Standards Requests – R16003, R16004, and R16007. All eight recommendations – four proposing standard development and four recommending no action by the subcommittee – were posted for a formal thirty day industry comment period that began on January 20, 2017 will conclude on February 20, 2017. To date, formal comments have been received from Macquarie Energy, LLC and the Natural Gas Supply Association.

During the December 8, 2016 WGQ BPS conference call, the subcommittee addressed the topic of Nominations of Hourly Quantities (2017 WGQ Annual Plan Item 3(c)(iii)/R16007 and 2017 WGQ Annual Plan Item 3(c)(i)/R16003b (Part 2)) by voting out a recommendation that proposed a definition for the term “Shaped Nomination,” a proposed standard that emphasized that standard’s application to only TSP’s that offer the service under their tariff, and instructions to the Information Requirements and Technical Subcommittees (IR/Tech) to accommodate the modifications. On January 17, 2017, the WGQ BPS voted to revise the proposed definition of “Shaped Nomination” to clarify that the start and end time of the requested hourly quantity should be at the top of the hour. During its January 10-12, 2017 and January 31- February 2, 2017 meetings, the IR/Tech began discussing the accompanying technical implementation and data dictionary changes to accommodate the recommendation. The next IR/Tech meeting will take place on February 21-22, 2017.

In order to fully address Level of Confirmations, the WGQ BPS voted out three recommendations. Last November, under 2017 WGQ Annual Plan Item 3(a)(v)(Part 1), the WGQ BPS approved language proposing a definition for the term “Ranking across transactions,” a standard, 1.3.[z1] regarding confirmations and model types, a standard concerning Service Requester ranks, and instructions to IR/Tech. On January 17, 2017, the WGQ BPS approved a revision to the proposed standard 1.3.[z1] in order to clearly state the responsibility of a Service Requester to provide the required information to its upstream/downstream parties and to clarify the Transportation Service Provider’s usage of the Upstream/Downstream Contract Identifier data element in the confirmation process. During its January 31-February 2, 2017 meeting, the IR/Tech completed the technical implementation for 2017 WGQ Annual Plan Item 3(a)(v)(Part 1). On January 17, 2017, the WGQ BPS approved the second recommendation concerning Level of Confirmations, under 2017 WGQ Annual Plan Item 3(a)(v) (Part 2). That recommendation contains one proposed standard addressing the ability for the Point Operator’s upstream parties to nominate on the TSP, if requested, and an alternative to that support. Also during the January meeting, the third recommendation for Level of Confirmations was approved by the WGQ BPS under 2017 WGQ Annual Plan Item 3(a)(v)(Part 3). In the recommendation, the WGQ BPS proposes a modification to the existing NAESB WGQ Standard No. 1.3.27, along with instructions to the IR/Tech.

The WGQ BPS determined that no action was needed on four recommendations that covered Multiple Confirmation Methods (2017 WGQ Annual Plan Item 3.a.iv); Communication Protocols and Critical Information Sharing (2017 WGQ Annual Plan Items 3.a.ii-iii); Terminology (2017 WGQ Annual Plan Item 3.a.i); Special Efforts Capacity Release (2017 WGQ Annual Plan Item 3.b.i; Special Efforts Nominations (2017 WGQ Annual Plan Item 3.b.i); and Definitions Related to Special Efforts (2017 WGQ Annual Plan Item 3.b.i).

As you may remember, in Paragraph 107 of FERC Order No. 809, the Commission requested that the “gas and electric industries, through NAESB, explore the potential for faster, computerized scheduling when shippers and confirming parties all submit electronic nominations and confirmations, including a streamlined confirmation process if necessary.” Through his October 18, 2016 correspondence, Chairman Bay encouraged NAESB to “complete by March 31, 2017 the development of standards or modification to existing standards as needed to support the request of the Commission [in FERC Order No. 809].” On December 20, 2016, NAESB filed a status report to the FERC in Docket No. RM14-2-000 detailing the actions taken by the organization in response to FERC Order No. 809. Four related status reports have been filed with the Commission in Docket No. RM14-2-000 on August 4, 2015, December 22, 2015, July 29, 2016, and October 17, 2016. As reported in the December filing, the NAESB WHQ BPS held a kick-off conference call on July 12, 2016. Since that first call, the subcommittee has held seventeen GEH-related meetings with over 130 industry members participating.

In a letter dated December 7, 2016 from the NAESB Advisory Council to the leadership of the WGQ BPS – Kim Van Pelt, Sylvia Munson, Ben Schoene, Phil Precht, and Willis McCluskey, the NAESB Advisory Council expressed its thanks to the leadership for their diligent efforts as NAESB works to respond to the Commission’s requests in FERC Order No. 809.