

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

Coordination of the Scheduling)
Processes of Interstate Natural Gas)
Pipelines and Public Utilities)

Docket No. RM14-2-000

**COMMENTS OF
THE NEW ENGLAND STATES COMMITTEE ON ELECTRICITY**

I. INTRODUCTION

Pursuant to the Federal Energy Regulatory Commission’s (“Commission”) March 20, 2014 Notice of Proposed Rulemaking (the “NOPR”)¹ and October 15, 2014 Notice of Filing,² the New England States Committee on Electricity (“NESCOE”) hereby files these Comments on certain proposed reforms to natural gas industry scheduling practices. The NOPR aims to address scheduling coordination challenges between the natural gas transportation and electricity markets “that arise, in part, from increased reliance on natural gas for electricity generation.”³ The proposed reforms are designed to coordinate cross-industry scheduling practices and “provide additional scheduling flexibility to all shippers on interstate natural gas pipelines.”⁴

¹ *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, 79 Fed. Reg. 18,223 (Apr. 1, 2014), 146 FERC ¶ 61,201 (2014) (“NOPR”).

² Notice of Filing, *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Docket No. RM14-2-000 (Oct. 15, 2014).

³ NOPR at P 1.

⁴ NOPR at P 2.

NESCOE focuses its comments on proposed rules relative to the start of the Gas Day and Timely Nomination Cycle. NESCOE supports these proposed rules, which appear well designed to enhance market liquidity, reduce associated risks, and enable better utilization of existing infrastructure. While New England has particularly acute gas-electric challenges due to natural gas infrastructure constraints, any incremental improvement provides value.

II. DESCRIPTION OF THE COMMENTER

NESCOE is the Regional State Committee for New England. It is governed by a board of managers appointed by the Governors of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont and is funded through a regional tariff that ISO New England (“ISO-NE”) administers.⁵ NESCOE’s mission is to represent the interests of the citizens of the New England region by advancing policies that will provide electricity at the lowest reasonable cost over the long term, consistent with maintaining reliable service and environmental quality.

III. COMMENTS

NESCOE appreciates the Commission’s continued efforts to improve natural gas and electricity industry coordination. NESCOE supports the Commission’s proposed 4 am central clock time (“CCT”) start for the Gas Day. NESCOE also supports the emerging consensus around a 1 pm CCT Timely Nomination Deadline. These two scheduling practice reforms, in combination with many other electric and gas market enhancements, should help to improve the coordination between the natural gas and electricity industries.⁶ In particular, moving the start of

⁵ *ISO New England, Inc.*, 121 FERC ¶ 61,105 (2007).

⁶ For example, see *California Independent System Operator Corp., et al.*, Order Initiating Investigation into ISO and RTO Scheduling Practices and Establishing Paper Hearing Procedures, 146 FERC ¶ 61,202 (March 20, 2014) (Docket Nos. EL14-22 et al.)

the Gas Day and Timely Nomination Deadline will enable gas-fired generators to better manage their fuel and transportation arrangements and reduce associated operational flow imbalances. In turn, this should increase gas-fired generator availability during a critical morning operational period, thereby enhancing electric reliability. While resolving New England’s particular gas-electric challenges will require more, these incremental advances will help.

By improving coordination between the two industries, the proposed reforms provide a means for market participants to better utilize existing natural gas transportation assets. The Commission’s Gas Day start and Timely Nomination Deadline proposals appear logical, reasonable, and balanced.

A. Starting the Gas Day at 4am CCT Reasonably Accommodates Growing Electricity Sector Demand

The Commission proposes to move the start of the Gas Day from 9 am CCT to 4 am CCT to better align the gas and electric operating days. The current 9 am CCT Gas Day start occurs midway to late in the morning, when electric load sharply increases and “straddles a time of peak gas demand for other pipeline shippers.”⁷ This presents challenges for generators in managing fuel and transportation arrangements and for electric system operation during the morning ramp. Moving the Gas Day start to 4 am CCT is designed, appropriately, to “preserve nationwide scheduling efficiencies for natural gas” and “to ensure that gas-fired generators are not running short on gas supplies during the morning electric ramp periods.”⁸

(Pursuant to Section 206 of the Federal Power Act, the investigation will ensure that each ISO’s and RTO’s day-ahead electricity market scheduling practices correlate to the natural gas scheduling practices ultimately adopted by the Commission in Docket No. RM14-2-000).

⁷ NOPR at P 36.

⁸ NOPR at PP 8(a) and 40.

NESCOE agrees that moving the start of the Gas Day to 4 am CCT will likely improve gas and electricity coordination. In New England, the electric morning load increase begins at approximately 2 am CCT.⁹ According to ISO-NE, “moving the gas day start time from [9 am CCT] to no later than [3 am CCT] would allow generators to procure and schedule fuel for their entire daily commitment.”¹⁰ While the proposed 4 am start is one hour later than what ISO-NE indicates would be ideal in New England, relative to the current Gas Day start, the proposed rule takes a significant step toward reducing the systemic risk of gas-fired generators exhausting their fuel supply during the morning ramp.

B. The Proposed 1 pm CCT Timely Nomination Deadline Aligns with New England’s Day-Ahead Electricity Market

The Commission proposes to move the deadline for submitting nominations in the timely nomination cycle from 11:30 am CCT to 1 pm CCT so that day-ahead electricity markets may select which resources will be called upon to generate while the gas transportation market is most liquid.¹¹ The purpose of this scheduling reform is to resolve the dilemma that gas-fired generators face under the current paradigm whereby they must choose either to (a) procure gas before knowing how much will ultimately be needed, or (b) procure gas in a less liquid market. In order to “minimize situations in which gas-fired generators . . . are unable to procure sufficient resources to fulfill their electric market commitments” and to avoid increased electricity costs associated with trading in less liquid gas markets, the Commission proposes to keep the timely

⁹ See, e.g., *Addressing Gas Dependence*, ISO New England (July 2012), at 18, available at http://www.iso-ne.com/static-assets/documents/committees/comm_wkgrps/strategic_planning_discussion/materials/natural_gas_white_paper_draft_july_2012.pdf.

¹⁰ *Id.*

¹¹ NOPR at P 48.

nomination window open until 1 pm CCT, after gas-fired generators know their day-ahead schedules.¹²

On April 24, 2013, the Commission approved an adjustment to the schedule of the Day-Ahead Energy Market and associated Resource Adequacy Assessment processes in New England.¹³ These electricity market schedule adjustments result in generators receiving the day-ahead commitment schedule earlier in the day, consistent with the rationale for the proposed rule. Even before the Commission's Timely Nomination Deadline proposal, according to ISO-NE, these electricity market changes have "incrementally improved gas-electric coordination" in New England.¹⁴ In conjunction with the proposed 1 pm CCT Timely Nomination Deadline, ISO-NE is therefore well positioned to enable better management of fuel and transportation arrangements and the corresponding quantity and price risks.

In combination with other gas and electricity market scheduling reforms, NESCOE agrees that a 1 pm CCT Timely Nomination Deadline will likely enable gas-fired generators to better manage fuel and transportation arrangements.¹⁵ NESCOE also understands that the natural gas and electricity industries, through NAESB, also support a 1 pm CCT Timely Nomination Deadline.¹⁶ NAESB's support for the Commission's proposed Timely Nomination

¹² NOPR at P 52.

¹³ Order on Proposed Tariff Revisions, *ISO New England Inc. and New England Power Pool*, 143 FERC ¶ 61,065 (April 24, 2013), Docket Nos. ER13-895-000 and -001 (Day Ahead Energy Market and Reserve Adequacy Analysis timelines).

¹⁴ *Informational Report of the Impact of the May 2013 Day-Ahead Energy Market and Reserve Adequacy Analysis Timing Changes*, ISO New England (May 23, 2014) (Docket No. ER13-895-000), at 2.

¹⁵ In a contemporaneous order in Docket Nos. EL14-22-000 et al., the Commission instituted a proceeding under Section 206 of the Federal Power Act to ensure that ISOs and RTOs modify their day ahead market processes and scheduling in accordance with the instant proposed Timely Nomination Deadline.

¹⁶ Report of the North American Energy Standards Board, Docket No. RM14-2-000, at 4 (filed September 29, 2014).

Deadline indicates an emerging consensus, and NESCOE urges adoption of this widely supported scheduling reform.

IV. CONCLUSION

For the reasons stated herein, NESCOE respectfully requests that the Commission consider these comments as it: (i) determines how to better coordinate the scheduling practices of the natural gas and electricity industries and (ii) addresses other issues associated with gas and electric interdependencies.

Respectfully submitted,

**THE NEW ENGLAND STATES
COMMITTEE ON ELECTRICITY**

By its attorney,

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