



## **NORTH AMERICAN ENERGY STANDARDS BOARD**

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April 16, 2004

The Honorable Magalie Salas  
Secretary  
Federal Energy Regulatory Commission  
888 First Street N.E.  
Washington, D.C. 20585

RE: Interim Status Report on the Efforts of the NAESB Gas-Electric Coordination Task Force

Dear Ms. Salas:

The North American Energy Standards Board ("NAESB") herewith submits this interim status report to the Federal Energy Regulatory Commission ("FERC" or "Commission") regarding NAESB's activities in the Gas-Electric Coordination Task Force (GECTF). The status report is in response to Chairman Wood's letter to NAESB dated November 14, 2003. The status report reflects the activities of the GECTF from December 2003 to March 2004. The meetings were open to any interested party and were posted along with all work papers and presentations on the NAESB web site.

The status report includes the presentations made and the minutes and work papers of the above-mentioned meetings as enclosures. The effort to date has concentrated on identifying the issues in gas-electric coordination and in educating each industry on the processes used where there may be gas-electric coordination issues. In particular, section 1 of the report attachment provides a high level list of the preliminary discussion points, and the minutes provided in section 2 further describe the deliberations that resulted in the discussion points. Sections 3 and 4 provide presentations that served as the basis for cross-industry discussions on gas-electric coordination.

It is expected that the future meetings of the GECTF will focus on further discussions on the issues identified, some level of categorization of these issues, and possibly identifications of those items to be further considered for possible development of NAESB standards. Conversely, the group may also identify those items that are not, at least in the short-term, recommended for consideration for NAESB standards development. We expect that these activities will be described in the final report, to be forwarded to you this summer, along with any industry comments received on the report itself. For those issues that may warrant further consideration in the NAESB standards development process, we expect that members and other interested parties would provide requests for standards development that would follow the normal process for NAESB standards development.

The report is being filed on the enclosed CDs in Adobe Acrobat® Print Document Format (.pdf), with each enclosure bookmarked separately. As requested, one hard copy is also being provided. All of the documents are also available on the NAESB web site ([www.naesb.org](http://www.naesb.org)).



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Please feel free to call me at (713) 356-0060 or refer to the NAESB website should you have any questions or need additional information regarding this interim status report.

Respectfully submitted,

*Rae McQuade*

Ms. Rae McQuade  
Executive Director & COO, North American Energy Standards Board

cc without enclosures:

Chairman Patrick H. Wood III, Federal Energy Regulatory Commission  
Commissioner Nora Mead Brownell, Federal Energy Regulatory Commission  
Commissioner Joseph Kelliher, Federal Energy Regulatory Commission  
Commissioner SueDeen Kelly, Federal Energy Regulatory Commission

Michael D. Desselle, NAESB Chairman and CEO  
William P. Boswell, NAESB General Counsel  
James Buccigross, NAESB Executive Committee Chairman

Attachment enclosures (all available publicly on the NAESB web site – [www.naesb.org](http://www.naesb.org)):

- (1) Preliminary Issues List
- (2) Meeting Minutes
- (3) Gas Presentations
- (4) Power Presentations
- (5) Comments

**Gas and Electric Coordination Task Force  
Interim Status Report  
(effective 3/16/04)**

The Gas and Electric Coordination Task Force (GECTF) was established in December 2003 with co-chairs representing the Wholesale Gas, Wholesale Electric, Retail Gas and Retail Electric Quadrants. The mission of the task force is:

“The Gas and Electric Coordination Task Force (GECTF) is an ad hoc task force reporting to the four quadrant Executive Committees. The GECTF is tasked with reviewing and investigating possible standards creation and/or modifications related to additional coordination of the interaction between the scheduling of electric and gas transactions.”

This is an interim status report of the GECTF to advise the Executive Committees of all four NAESB quadrants of the progress to-date of the task force. Based on its mission statement, the task force developed a protocol to identify areas of opportunity to improve gas/electric scheduling and transactional coordination. Pursuant to the organizational direction provided by the four quadrant Executive Committees, the task force is developing a preliminary list of discussion points (Attachment 1) that may lead to possible standards creation or modification by the appropriate quadrant subcommittee(s). Any future development will be undertaken as determined by the Executive Committee(s). Based on the findings of the GECTF, the Executive Committee(s) may determine that some issues will require additional policy direction from the appropriate governmental and/or regulatory authority before further action can be taken.

The GECTF has met four times over seven days: three two-day meetings in person and once via conference call. The meetings were held on:

- December 16, 2003;
- January 29-30, 2004;
- February 10-11, 2004;
- March 15-16, 2004.

All of these meetings were open and posted on the NAESB website. Representatives from all four quadrants attended each of the meetings. The meeting minutes and presentations at the above-referenced meetings are contained in the attachments. An index of the attachments is provided.

Overall the GECTF has begun to bridge the gap of understanding between the electric and gas industries and has enhanced the inter-quadrant dialogue to the benefit of both. The task force's next steps will be to continue to further refine the discussion points list and to separate the issues which may require policy decisions from those issues which may be considered for additional standardization. Meetings of the GECTF are currently scheduled monthly through August 2004. All meeting dates are available on the NAESB web site ([http://www.naesb.org/gas\\_electric\\_coordination.asp](http://www.naesb.org/gas_electric_coordination.asp)). The task force will issue another status report at the end of the second quarter.



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### GECTF Preliminary Discussion Points List

**Purpose:** The purpose of this list is to identify the areas for discussion in an effort to understand and frame the issues.

#### **Flexibility/Planning:**

- 1.1. Identify the impact of weather and other uncontrollable factors on generation and gas load swings.
- 1.2. Discuss ways to accommodate the natural gas requirements of new generation as it comes online in various regions.
  - a. The impact on the gas infrastructure of new gas-fired generation facilities.
  - b. The impact on the gas infrastructure of non-scheduled gas-fired generation coming on or going off without notice.
- 1.3. Identify differences in the factors driving dispatch priority between natural gas and power.
- 1.4. Distinguish between the need for changes to the NAESB WGQ Standards and the need to make adjustments to contract portfolios and/or infrastructure requirements. Additional incentives may be needed to encourage entities to diversify their contract portfolios to meet their market requirements.
- 1.5. The implications that changes allowing more flexibility to non-firm gas shippers might have on the service levels and contractual rights of existing / traditional firm shippers.
- 1.6. Identify Examples of the service characteristics that could meet the market needs for increased delivery flexibility.
- 1.7. Is there a need for more intraday flexibility in gas scheduling?

#### **Timelines / Scheduling:**

- 2.1. How does the NAESB WGQ standard gas day interact with the various power days? There is one NAESB WGQ standard gas day and there are many regional power days that create associated difficulties in cross-commodity standardization.
- 2.2. How do the NAESB WGQ standard nomination deadlines interact with the various power deadlines? Identify the impact of regional power timeline differences.
- 2.3. Identify notice requirements that are to be provided to pipelines and/or service providers by shippers regarding load and flow changes. Identify the need for increased and/or more formal communication protocols between natural gas and power operations / control room personnel.
- 2.4. Identify the impact of the timing of peaking requirement differences between natural gas markets and power markets.
- 2.5. Can the natural gas producers and marketers react to 'within the day' requirement changes?

#### **Reliability:**

- 3.1. Identify the impact of any contemplated changes on natural gas and power reliability.

March 15, 2004



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- 3.2. Distinguish between coordination issues that are originated by 1) true reliability issues versus 2) those caused by trading risk management practices.

### **Terminology:**

- 4.1. Clarify the differences in terminology between natural gas and power (e.g., does "Firm" mean the same thing in both commodities?)