



August 19, 2024

Re: NAESB Wholesale Gas Quadrant Request for Formal Comments

NAESB Wholesale Gas Quadrant:

The Interstate Natural Gas Association of America (“INGAA”) appreciates the opportunity to comment on the recommendation adopted during the July 19, 2024 meeting of the Joint WGQ/WEQ/RMQ Business Practices Subcommittees meeting (the “Recommendation”).¹ INGAA supports adoption of the Recommendation by the Wholesale Gas Quadrant (“WGQ”) but, to maintain the reliability of the electric grid, the United States must address the barriers to building critical natural gas infrastructure.

INGAA members developed and proposed the Recommendation in response to comments from Regional Transmission Operators and Independent System Operators (“RTOs/ISOs”) regarding situational awareness during extreme weather events. INGAA appreciates the RTOs/ISOs raising those comments and NAESB providing a forum to discuss a potential path forward. INGAA fully supports adoption of the Recommendation to try and address the comments of the RTOs/ISOs.

Although INGAA supports adoption of the Recommendation, INGAA emphasizes that the Recommendation represents an incremental step forward and does not fully address gas-electric reliability, particularly during extreme weather events. The energy industry must renew efforts to facilitate construction of the natural gas infrastructure needed to meet the United States’ growing and changing demand for energy.

There is ample evidence to show that the United States is not building enough infrastructure to meet demand. The country set annual and monthly records for natural gas consumption in 2023 but set record lows for interstate natural gas pipeline capacity additions in 2022 and 2023.² The causes of this imbalance

¹ INGAA represents the majority of interstate natural gas transmission pipeline companies in the United States and prepared these comments on behalf of the interstate natural gas pipeline industry. INGAA’s 27 members operate approximately 200,000 miles of interstate natural gas pipelines, serving as an indispensable link between natural gas producers and consumers. INGAA advocates on behalf of its members before federal agencies and courts.

² See Energy Information Admin., *U.S. natural gas consumption set annual and monthly records during 2023* (Apr. 23, 2024), <https://tinyurl.com/5n7bfrem>; Energy Information Admin., *Natural gas intrastate pipeline capacity additions outpaced interstate additions in 2023* (Mar. 20, 2024), <https://tinyurl.com/2p929kx6>; see also Energy Information Admin., *U.S. natural gas-fired electricity generation consistently increased in 2022 and 2023* (Apr. 26, 2024), <https://tinyurl.com/mvrffjxs>.

are clear. Regulatory delay and uncertainty,³ unnecessary, prolonged litigation,⁴ and permitting obstacles⁵ pose significant obstacles to pipelines' ability to expand and meet demand. Absent action to address these root causes, this problem will get worse—Goldman Sachs estimates that the United States could require the construction of ~6.1 bcf/day of new pipeline capacity by 2030 to meet demand *from data centers alone*.⁶

Recent winter storms illustrate that electric market issues and a lack of infrastructure drive electric reliability problems more than a lack of communication from pipelines during periods of high demand for natural gas. For example, interruptions to interruptible (“IT”) pipeline service (which is not a guaranteed firm service) and non-price market issues (*i.e.*, an inability to locate a supplier of natural gas) accounted for nearly two-thirds of unavailable MW attributed to natural gas fuel issues during the height of Winter Storm Elliott.⁷ Natural gas fuel issues *in total* caused only 20% of Outaged MW during Elliott.⁸ Interruptions to IT service are not communication or situational awareness issues; they reflect a shipper’s unwillingness to procure firm service or an inability to do so due to lack of sufficient pipeline capacity. Similarly, a lack of situational awareness does not prevent shippers from finding a natural gas supplier, illiquid commodity markets do—a fact illustrated by PJM’s conclusion that nearly all the “gas fuel supply” forced outages during Elliott’s peak occurred at generators without a day ahead commitment.⁹ Increased situational awareness might help some natural gas users better utilize their contingency plans, but awareness will not address these problems or increase the amount of gas that can flow through existing infrastructure.¹⁰

INGAA does not raise these points to dismiss the work done by stakeholders at NAESB. On the contrary, INGAA members engaged fully at NAESB and developed the only recommendation to be adopted through this proceeding. Our members appreciate the opportunity to develop the Recommendation through NAESB and think that the Recommendation is a material response to comments from the RTOs/ISOs on how to improve situational awareness. To maintain electric reliability, however, the natural gas and electric

³ See, e.g., Adelphia Gateway, LLC, Withdrawal of Prior Notice, Docket No. AP21-14 (Oct. 12, 2021) (withdrawing project to add 16,500 Dth/d of firm service because of “delay[s] well beyond Adelphia’s expectations” and “significant uncertainty regarding when an order will issue”); Eastern Gas Transmission and Storage, Withdrawal of the Mid-Atlantic Cooler Project, Docket No. CP21-97 (Sept. 20, 2021) (withdrawing project to provide 25,000 Dth/d of firm gas service because after more than five months and “[d]espite th[e] limited scope” of the work “[FERC] has not taken action to prepare an Environmental Assessment of the Project”).

⁴ John Bowden, *Energy companies cancel Atlantic Coast Pipeline* (Jul. 5, 2020), <https://tinyurl.com/576ya5e6> (“This new information and litigation risk, among other continuing execution risks, make the project too uncertain to justify investing more shareholder capital.”) (quoting statement of Dominion Energy and Duke Energy).

⁵ Scott Disavino, *PennEast becomes the latest to scuttle a natural gas pipeline project* (Sept. 27, 2021), <https://tinyurl.com/2xhpszsa> (“PennEast was canceled, the company said, because it had not yet received all of its required permits, including a water quality certification in New Jersey.”).

⁶ The Goldman Sachs Group, Inc., *Generational growth: AI, data centers and the coming US power demand surge at 27* (Apr. 28, 2024), <https://tinyurl.com/2p9yh5rp>.

⁷ See FERC, NERC, and Regional Entity Staffs, *Inquiry into Bulk-Power System Operations During December 2022 Winter Storm Elliott*, Fig. 63 (Oct. 2023), <https://tinyurl.com/ytwrwyfk>.

⁸ See *id.*, Fig. 67.

⁹ See PJM, *Winter Storm Elliott Continued Outage Analysis* at Slide 15 (Mar. 9, 2023) (showing that, of the 11,247 MW of gas fuel supply forced outages at 10:00 AM on December 24, 2022, 89% occurred at generators without a day ahead commitment; similar ratios were present throughout December 23-25).

¹⁰ See Robert Walton, *Batteries aren’t going to do it’: NERC’s Moura calls for gas investment to maintain reliability*, Utility Dive (July 21, 2022) (“Every ounce of efficiency has been squeezed out of [gas-electric coordination]. And coordination really doesn’t let more gas flow.”), <https://tinyurl.com/3dj5e33d>.

industries must identify and support the wholesale electric market and pipeline permitting reforms needed to expand the natural gas system to meet the United States' energy needs now and in the future.

Thank you again for the opportunity.

Sincerely,

/s/ Christopher Smith
Christopher Smith