



August 18, 2014

VIA ELECTRONIC MAIL

Rae McQuade
President
North American Energy Standards Board
801 Travis, Suite 1675
Houston, TX 77002

Dear Ms. McQuade,

The Natural Gas Supply Association ("NGSA") appreciates the North American Energy Standards Board's ("NAESB") work developing standards for a gas nomination schedule that can be operationally and reliably managed by the natural gas industry while providing benefits to our power customers. These broadly-endorsed standards developed in response to the Federal Energy Regulatory Commission's ("FERC") Notice of Proposed Rulemaking, *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities ("NOPR")*, are the result of an extensive and thorough process involving all segments of the natural gas and electric industries and are an effective solution to addressing FERC's concerns regarding gas and power scheduling. NGSA's comments below reflect our strong support for the broad industry consensus achieved through the proposed standards.

NGSA is a trade association that represents integrated and independent companies that produce and market domestic natural gas. Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy, and promotes the benefits of competitive markets in order to ensure the reliable and efficient supply of natural gas to customers, including gas-fired power generators. Because the NOPR will have a direct impact on natural gas suppliers, NGSA and its members actively participated in the NAESB Gas Electric Harmonization Forum to develop a consensus position between the gas and electric industries regarding the natural gas schedule.

NGSA Supports NAESB's Proposed Changes to the Timely Nomination Cycle.

NGSA supports NAESB's proposed consensus standards that implement a 1:00 p.m. CT Timely Cycle nomination deadline. This deadline allows the natural gas industry to complete its confirmation and scheduling within the normal business day, while giving generators more time to participate in the Timely Cycle after they receive their dispatch requirements in the regional electric markets. Also, NGSA supports a 5:00 p.m. CT Scheduled Quantity ("SQR") deadline in the Timely Cycle. This deadline provides adequate notice of scheduling results to buyers and

sellers regarding their daily nominations prior to the end of the normal business day, giving generators more opportunity to ensure they can meet their commitments.

NAESB's Proposal To Maintain the Interruptible Transportation ("IT") No-Bump Rule In The Last Cycle Provides Market Certainty for Gas and Power Industry Participants.

NGSA supports the proposed NAESB schedule, which preserves the IT no-bump rule in the last scheduling cycle (ID-3), which thereby preserves a critical piece of how the natural gas market functions. Maintaining the current no-bump rule allows traders, schedulers and buyers to rearrange their transactions during a timeframe in which interruptions to nominations can be more effectively addressed to mitigate supply disruptions. Further, NGSA accepts the industry-supported proposal to issue the SQR during the last bumpable cycle (ID-2) at 5:30 p.m. CT, which will still allow market participants to effectively handle any contractual and operational changes associated with bumped IT transactions.

NAESB's Proposal Adjusts the NOPR to Establish a Manageable Schedule for Natural Gas Industry Operators.

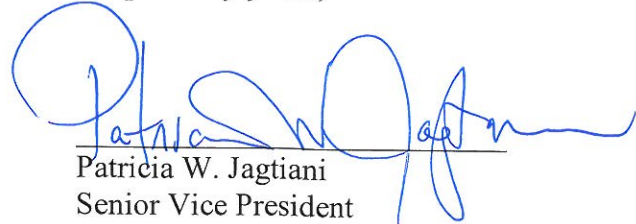
While staying true to the objectives of FERC's NOPR, NAESB's proposed schedule improves upon FERC's proposal. First, NAESB's proposal corrects overlapping Intraday 1 (ID-1) and Intraday 2 (ID-2) schedules. In the NOPR, nominations for ID-2 were due at 10:30 a.m. CT, which is 30 minutes prior to the issuance of a scheduled quantity for ID-1 at 11:00 a.m. CT. Left unaddressed, shippers would not have the necessary information to make ID-2 nominations.

Furthermore, NAESB's proposal addresses the issues arising from an overly compressed nomination schedule, such as nominations and scheduling occurring simultaneously, which hinders effective operations. For example, under FERC's proposal, the evening cycle nominations would have been due at 6:00 p.m. CT just as the ID-3 schedule was simultaneously being issued. This would have been only an hour before the ID-4 nomination deadline, allowing inadequate time to confirm, schedule and effectively manage gas flow, thus creating multiple opportunities for error.

Finally, NAESB's proposal reflects the consensus industry position that four intraday cycles is not operationally manageable, and will create the potential for chaotic scheduling situations and reliability issues. NAESB's proposal limits the intraday cycles to three, which can be more reliably accommodated while achieving FERC's objective to provide all shippers added flexibility with the addition of a third intraday cycle later in the day. This new cycle allows for closer alignment with the 12:00 a.m. electric day start time. Furthermore, since this new intraday cycle is later in the day and closer to the start of the gas day, all shippers, including generators, will be better equipped to accurately forecast how much gas they should nominate.

Again, NGSa strongly supports the consensus standards which will help to foster greater gas and electric coordination. Given the great strides made by both the gas and power industries that ultimately led to this broad consensus solution, NGSa would not support requests for standards that conflict with the proposed NAESB schedule discussed herein.

Respectfully yours,



Patricia W. Jagtiani
Senior Vice President
Natural Gas Supply Association
1620 Eye Street, NW, Suite 700
Washington, DC 20006
(202) 326-9300
pjagtiani@ngsa.org