

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

**Coordination between Natural Gas) Docket No. AD12-12-000
and Electricity Markets)**

**COMMENTS OF THE
NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

The New York Independent System Operator, Inc. (“NYISO”) respectfully submits these comments in response to the December 7, 2012, *Notice of Request for Comments and Technical Conference* issued by the Federal Energy Regulatory Commission (“Commission”) in the above-captioned docket (“Notice”).¹ Set forth below are the NYISO’s responses to the questions posed by the Commission regarding information sharing and communication issues between natural gas and electric power industry participants. The NYISO respectfully requests that the Commission consider these comments in framing the agenda and discussion at its February 13 technical conference in this proceeding.

I. COMMENTS

- 1. During an emergency, what kind of verbal communications and data exchanges do and should take place between the natural gas and electric industries? What are the industries’ current “best practices” for these communications? How can today’s best practices be improved? What should the Commission do, if anything, to facilitate the application of best practices between the industries?**

Attachment BB of the NYISO’s Open Access Transmission Tariff (“OATT”) contains the New York State Gas-Electric Coordination Protocol (“Protocol”), which was implemented in response to Order No. 698.² The Protocol establishes the procedure for communication among

¹ *Coordination between Natural Gas and Electricity Markets*, Notice of Request for Comments and Technical Conference (issued December 7, 2012) (“Notice”).

² *Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities*, Order No. 698, 72 Fed. Reg. 38,757 (July 16, 2007), FERC Stats. & Regs.,

electric and gas industry participants in the event that either the NYISO (for the bulk power system) or a Transmission Owner (for the local power system) determines that the loss of a generator due to a Gas System Event (“GSE”) would likely lead to the loss of firm electric load.

The Protocol applies during a GSE, which is defined as:

a situation in which gas is unavailable to a Generator that is determined to be a Critical Generator, including when the unavailability of gas is due to the issuance of an OFO or other action taken by an [Local Distribution Company (“LDC”)] in accordance with its tariff and/or its Gas Transportation Operating Procedures for Power Generation Customers which results in the LDC having to restrict, interrupt, impose limits on or curtail the transportation of natural gas and/or balancing services to a Generator; *provided, however*, that a GSE shall not include a situation in which a Generator has derated for economic reasons in a non-emergency situation after being scheduled to run.

Upon a GSE, the LDC notifies: (1) the New York Department of Public Service; (2) all gas-fired generators affected by the GSE; (3) the affected New York Transmission Owner (“NYTO”); and (4) the NYISO. In the event of an Operational Flow Order (“OFO”), the NYISO also receives notice of the OFO in the form of an e-mail from the gas pipeline company Electronic Bulletin Board (“EBB”). It is the NYISO’s understanding that the NYTOs also receive notification of OFOs.

The Protocol details the communication paths that are followed by the NYISO and NYTOs. In summary, if a generator needs to curtail its electric generation production as the result of a GSE, the NYISO and the local NYTO evaluates whether the loss of the generator would cause the loss of firm electric load on the bulk or local power systems. If so, the generator contacts the LDC, which determines if it can provide gas.³ The results are communicated among the NYISO, NYTO, the generator, the LDC, and the New York State Public Service

Regs. Preambles ¶ 31,251 (2007), *order on reh’g*, Order No. 698-A, 73 Fed. Reg. 38 (Jan. 2, 2008), 121 FERC ¶ 61,264 (2007).

³ Usually, an LDC’s ability to provide gas is dependent on the availability of gas already scheduled by the generator for delivery to its city-gate.

Commission. If gas can be supplied, the NYISO restores the generator's availability status. The stated purpose of the Protocol is to provide for mutual assistance. It does not create an obligation for the LDCs to make gas supplies available during GSEs.

Possible improvements in communications could be made in non-emergency situations, such as when: (1) GSEs, such as OFOs, are properly issued, but loss of firm electric load is not likely; or (2) a generator needs to reduce generation because it is or has been off schedule (even in the absence of a GSE). Currently, important information, like accurate generator derated limits, is being communicated in these non-emergency situations. However, there are opportunities to improve communications, regarding gas generation projections or forecasts for the next several hours, between LDCs, interstate gas pipelines, generators, and the NYISO. A gas-fired generator's next-hour generation capability can be impacted by: (1) the amount of actual generation in past hours compared to the amount of gas nominated; (2) the quantity of intra-day real time gas nominated for the next several hours, regarding which either the generator itself or its fuel manager may have better information than the gas pipeline or LDC; (3) the gas pipeline physical characteristics and capabilities at that time; and (4) the allowable gas pipeline imbalance provisions defined in the gas pipeline tariffs. The NYISO will, through its Electric-Gas Coordination Working Group, work with gas pipeline companies and gas-fired generators to develop best practices for these types of communications.

In addition to developing further communication protocols related directly to communicating next hour gas availability for gas-fired generation in emergency and non-emergency situations, it may also be helpful for the NYISO to receive next-hour alternative fuel capability (short term inventories) for gas-fired facilities with dual fuel capability. The NYISO is working with gas-fired generator asset owners to develop best practices for communicating

these alternative inventory positions. Finally, an emergency situation could also arise if, after the close of the NYISO Day-Ahead Market (and after the 7 p.m. Eastern Standard Time (EST) close of the evening gas nomination cycle), either the NYISO or the NYTO determine that additional gas-fired generation is needed for transmission security. In this case, additional procedures for generators – or their fuel managers – to notify the NYISO of their actual gas nominations could be helpful.

Given the above concerns, the NYISO is considering initiating stakeholder discussions to develop additional “Cold Day Procedures.” Such procedures would govern the provision of the following additional information, by generators and/or their fuel managers, during the coldest winter days and/or in situations where the NYISO or NYTO have determined that additional gas-fired generation is needed after 7 p.m. EST (*i.e.* after the close of the evening gas nomination cycle):

At each nomination cycle (Evening, Intra-Day 1, Intra-Day 2)

1. Confirm gas scheduled (and amount).
2. Confirm that generators have submitted their hourly burn profiles to pipelines, and have generators submit these profiles to the NYISO.
3. Notify the NYISO when conditions on the pipeline system, or conditions at the city-gate, make it unlikely that gas will be scheduled.

Such information may also be useful for day-to-day operations. The NYISO will, at upcoming meetings of the Electric-Gas Coordination Working Group, work with gas pipeline companies and gas-fired generator asset owners to develop procedures for these types of communications.

2. **Please provide specific examples of other communications practices between the natural gas and electric industries that could be enhanced, including any communications regarding maintenance and construction planning, day-to-day operations, and other non-emergency situations. In providing examples, please**

explain whether there are regulatory or other barriers that would prevent good communications such as specific Commission regulations, tariffs or contractual provisions, legal precedents, or inadequate communications infrastructure.

As discussed above, the NYISO is currently developing proposals for discussion in its stakeholder process for Cold Day Procedures. If the NYISO's reliance on gas-fired generation becomes greater in the future as the result of retirements of non-gas fired units and the increased construction of gas-only units, it may become necessary to reconcile electric Day-Ahead Market results with generator gas nominations even during non-peak gas time periods. Communication, several hours in advance, to the NYISO and affected local NYTO of a generator's predicted physical generation operation would be helpful in cases where midway through the gas day a generator has a large gas balance variance and needs to physically operate after it has already used its available gas.

Finally, enhanced coordination of transmission maintenance, generator outage, and pipeline system maintenance would help ensure that LDC and pipeline system constraints will not impact generator supply during emergency situations. Such enhanced coordination would also help to minimize potential generator impacts during day-to-day operations.

- 3. Should natural gas pipeline and electric utility system operators be allowed to exchange information that is not publicly posted? If so, what kinds of information should be permitted to be shared and under what circumstances? If information is shared, is there a need for enhanced protections against the improper use of the material communicated and what protections would be appropriate? Is the answer the same if a natural gas pipeline or its affiliate sells or buys wholesale electric power? If there are concerns that the increased communications might cause potential harm to industry participants, please explain those concerns. Please consider examples of information sharing that include both verbal and digital information.**

The NYISO believes that, for the most part, generators appropriately limit their day-ahead bids based on their best fuel forecast. Moreover, situations in which real time energy

balancing and capacity derates occur because of an inability to meet day-ahead schedules in real time convey useful information to the unit commitment and dispatch process.

Currently, while marketers and traders in the gas and electric industries must follow appropriate rules restricting communications on transactions, the law allows electric system operators and gas system operators to communicate with each other on physical system conditions during an emergency. Because current communications appear adequate at this time, changes in existing rules barring communications during non-emergency conditions are not warranted. Nevertheless, if the NYISO begins to experience more chronic gas-fired generation curtailments stemming from gas supply issues, it may be worthwhile to develop the additional lines of direct communications outlined above between the NYISO, LDC, and gas pipeline operators. Those protocols would need regulatory review and approval to protect the integrity of both electric and gas markets.

II. CONCLUSION

The NYISO respectfully requests that the Commission consider these comments in framing the agenda and discussion for the February 13 technical conference in this proceeding.

Respectfully submitted,

/s/ Carl F. Patka _____

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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing document to be served upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Commission Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2012).

Dated at Washington, D.C. this 7th day of January, 2013.

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