

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

In The Matter of:

Coordination of the Scheduling Processes of)	
Interstate Natural Gas Pipelines and Public)	Docket No. RM14-2-000
Utilities)	

**COMMENTS OF
NATIONAL GRID USA, INC.**

Pursuant to the procedural schedule established by the Federal Energy Regulatory Commission (the “Commission”) in the above captioned proceeding, National Grid USA, Inc. (“National Grid”) hereby submits these comments concerning the Notice of Proposed Rulemaking issued March 20, 2014 (“NOPR”).¹ As more fully discussed below, while National Grid supports the Commission’s efforts to enhance coordination between the electric and natural gas industries, it submits that the Commission should reject the proposal in the NOPR to change the time for commencing the Gas Day.

I. EXECUTIVE SUMMARY

National Grid appreciates and supports the Commission’s efforts to better align natural gas and electric scheduling practices for the purpose of improving efficiencies in the scheduling systems for both industries. National Grid agrees with the comments submitted by the American Gas Association (“AGA”) recommending that the Commission adopt final rules implementing

¹ *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Notice of Proposed Rulemaking, 146 FERC ¶ 61,201 (2014). Citations to the NOPR will appear as “NOPR at para. ___”

revisions to the gas nomination schedule developed by the North American Energy Standards Board (“NAESB”).²

However, in the absence of any electric/gas consensus, National Grid agrees with the Natural Gas Council and AGA that the Commission should decline to adopt proposed changes to the current 9:00 a.m. Central Clock Time (“CCT”) start of the Gas Day. National Grid further submits, for the reasons discussed by AGA, that the Commission should reject proposed changes to the gas nomination schedule and capacity allocation rules proposed by the Desert Southwest Pipeline Stakeholders. In addition, National Grid urges the Commission to implement any final rule resulting in modifications to the gas nomination schedule contemporaneously with modifications to RTO/ISO schedules required in Docket No. EL14-22-000, *et al.*

If the Commission ultimately determines that an earlier start to the Gas Day is necessary, National Grid recommends moving the start to 12:00 a.m. CCT. This will allow for better accommodation of load increases during the peak morning hours for both natural gas and electric systems.

Finally, any changes made to the Gas Day and gas nomination cycles should not be implemented in the peak winter months when demand on natural gas systems is at its highest levels. Any changes adopted should be implemented in the April/May or September/October shoulder periods to ensure the reliable, efficient and safe operation of gas systems for all customers.

II. STATEMENT OF NATIONAL GRID’S INTEREST

National Grid owns and operates electric distribution and transmission systems and gas distribution systems in the states of Massachusetts, New York and Rhode Island. National

² See Comments of the North American Energy Standards Board, filed on September 29, 2014, in Docket No. RM14-2-000 (“NAESB September 2014 Filing”). See also *Report of the North American Energy Standards Board*, filed June 18, 2014, in the same proceeding (NAESB June 2014 Report).

Grid's affiliates provide electric distribution service to approximately 3.4 million customers and gas distribution service to approximately 3.5 million customers. In addition, National Grid owns and operates electric generation facilities that provide up to 4,100 megawatts of generation capacity. National Grid has placed its transmission assets under the operational control of the New York Independent System Operator ("ISO") and ISO New England. National Grid also owns liquefied natural gas storage facilities and holds minority investments in two interstate natural gas pipeline systems. The maintenance of safe and reliable service to all its energy customers is the paramount concern of all of National Grid's operating entities.

III. COMMENTS

A. National Grid Supports NAESB's Suggested Revisions To The Gas Nomination Schedule But Opposes Changes To The Timing Of The Gas Day.

NAESB's recommendations have acquired the broad industry support that is necessary to "achieve the needed integration of the natural gas and electric industry scheduling practices."³ As the AGA notes in its comments, NAESB's recommended revisions regarding timely and intraday nomination cycles address the Commission's concerns regarding the ability of electric utilities to participate in the day-ahead cycle when the natural gas supply and transportation markets are at their most liquid.⁴ From National Grid's perspective, the proposed change in the deadline for the Timely Nomination Cycle would afford generators far greater ability to arrange for the purchase of gas after their electric commitments have been established. Additionally, increasing the number of intraday cycles to three would offer natural gas-fired generators additional flexibility to revise their nominations when system conditions and changes to load necessitate adjustments.⁵

³ NOPR at para. 35.

⁴ *Id.* at para. 8.

⁵ *Id.* at para. 63.

These changes provide significant benefits to electric generators and should be recognized as substantial changes agreed to by the gas industry to assist the electric industry.

National Grid also agrees with AGA that the start of the Gas Day should remain unmodified as NAESB electric industry participants and NAESB gas industry participants were unable to reach a consensus as to the merits of making such a change.⁶ As noted by AGA, the Commission's concerns regarding the reliability needs of electric generators with highly-variable loads can be addressed through other means without necessitating a change to the start of the Gas Day. A more practical approach would be to examine methods of encouraging and compensating generators for purchasing natural gas services that offer the level of flexibility necessary to enable generators to make changes in their gas requirements on short notice. Moreover, a change to the start of the Gas Day will invariably result in added costs to the natural gas industry. These cost increases will inevitably be borne by end-use gas customers.

Changing the start of the Gas Day to 4:00 a.m. CCT, as suggested in the NOPR,⁷ has the potential to create reliability and safety risks. In particular, operational risks may arise due to the increased need for field work to be conducted during nighttime hours. By moving the start of the Gas Day to 4:00 a.m. CCT, changes in flow will need to occur in the last hours of the night, particularly on the east coast, which could adversely affect the ability of local distribution companies ("LDCs") to prepare to meet morning load demands. Importantly, the start of the Gas Day involves physical operations, including redirecting flows between pipelines, and requiring these changes to occur at 4:00 a.m. CCT would place unnecessary operational and financial burdens on LDCs. Given the limited benefits of a 4:00 a.m. CCT start to the Gas Day and the

⁶ NAESB June 2014 Report, p. 9.

⁷ NOPR at para. 8.

potential costs and burdens associated with such a change, National Grid urges the Commission to retain the 9:00 a.m. CCT start time.

National Grid also urges the Commission to reject the Desert Southwest Pipeline Stakeholders' ("DSPS") proposals because they are inconsistent with the proposed NAESB standards and would result in significant unjustified revisions to the Commission's "no-bump" policies. Creating a 7:00 p.m. CCT nomination deadline for both the evening cycle and the Intraday 2 Cycle will also inevitably lead to confusion and error because schedulers would be required to make day-ahead and intraday nominations at the same time. Moreover, the needs addressed by DSPS's proposal are regional in nature and the Commission should not adopt a national standard to solve a regional problem.

National Grid agrees with AGA that coordinating changes to the gas nomination schedules with changes to the RTO/ISO scheduling practices is desirable. Therefore, any final rule in this proceeding should be implemented contemporaneously with any changes occurring in compliance with Commission rulings in Docket No. EL14-22-000, *et al.*⁸ To achieve the goal of improved electric reliability through changes to the gas scheduling process, such changes must be coordinated with changes to the electric scheduling process.

National Grid also supports the Commission's proposal "to revise its regulations to require pipelines to offer multi-party transportation contracts under which multiple shippers can share interstate natural gas pipeline capacity under a single service agreement."⁹ National Grid agrees with AGA and the Commission that broader access to multi-party contracts will benefit shippers.¹⁰ However, National Grid also supports AGA's recommendation that implementation of this regulation by pipelines should be effectuated through individual tariff filings so that

⁸ FERC Docket No. EL14-22-000, *et al.*

⁹ NOPR at para. 76.

¹⁰ *Id.* at para. 79.

pipelines can work with their customers to tailor the new provisions and specific tariff terms to the needs of each pipeline and its customers.

B. If the Commission Ultimately Determines that an Earlier Start to the Gas Day is Necessary, National Grid Urges the Commission to Adopt a Start Time of 12:00 a.m. CCT.

While National Grid supports allowing the start of the Gas Day to remain unchanged from the current 9:00 a.m. CCT time, if the Commission decides that an earlier start time is necessary, National Grid recommends starting that Gas Day at 12:00 a.m. CCT. A midnight start time will align the Gas Day with the electricity operating day for most electric utilities.¹¹ Moreover, a 12:00 a.m. CCT start time will permit gas distribution utilities to begin their day during a time period in which hourly flows on their systems are likely to be at relatively low levels. In contrast, a 4:00 a.m. CCT start requires gas distribution utilities in the east to begin their operating day right at the start of the early morning hours which are typically the highest period of hourly flows on their systems.

National Grid submits that moving the start of the Gas Day to 12:00 a.m. CCT would accomplish all of the objectives of a move to 4:00 a.m. CCT, while minimizing risks and administrative burdens for gas distributors. Certainly, a 12:00 a.m. CCT start time would enable gas-fired, electric resources to timely nominate and schedule supply to support their ability to generate electricity at the start of the morning electrical peak.¹² Moreover, a 12:00 a.m. CCT start to the Gas Day would ensure that any generator derates that take place at the end of the Gas Day would occur during the overnight hours.¹³ Thus, if the Commission determines that the Gas Day should be changed, -- and it should not -- a 12:00 a.m. CCT start would accomplish all the objectives of a 4:00 a.m. CCT start while imposing fewer risks and burdens on gas distributors.

¹¹ NOPR at para. 21.

¹² NOPR at para. 37.

¹³ *Id.*

C. National Grid Recommends That Any Changes Made to the Natural Gas Nomination Schedule or Gas Day Start Should Be Implemented During the Shoulder Months.

As noted by the Commission, the proposed scheduling changes are aimed at ensuring “the reliable and efficient operation of both interstate natural gas pipeline and electricity systems.”¹⁴ To ensure that any changes made do not occur at the expense of reliability of gas distribution service, it is important to avoid any significant changes during months in which the stress and demand on the gas distribution system are at their greatest, namely, during December, January, February and March. National Grid’s experience in complying with previous regulatory initiatives such as Order Nos. 636 and 637 demonstrates that there are likely to be unanticipated consequences of complying with new operating protocols and rules. These unanticipated events can adversely affect reliability and should be avoided.

Accordingly, National Grid urges the Commission to implement any substantial changes during months that offer gas and electric distributors greater system flexibility such as April/May or September/October. This would be especially necessary if the Commission were to adopt a change in the start of the Gas Day, which would require a number of significant changes in the operating practices of LDCs. By implementing changes in the shoulder months, the Commission can reduce the potential for complications and enhance the reliable, efficient and safe operation of the gas and electric system for all customers.

¹⁴ *Id.* at para. 34.

CONCLUSION

For the foregoing reasons, the National Grid Gas Delivery Companies respectfully request the Commission to issue final rules that reflect the recommendations of AGA. However, should the Commission decide that a change to the start of the Gas Day is necessary, National Grid urges the adoption of a 12:00 a.m. CCT start time. Additionally, National Grid urges the Commission to implement any final rules adopted in this proceeding during the shoulder months.

Respectfully submitted,

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