



Texas Competitive Power Advocates (TCPA) is a trade association representing power generation companies and wholesale power marketers with investments in Texas and the Electric Reliability Council of Texas (ERCOT) wholesale electric market. TCPA members¹ and their affiliates provide a wide range of important market functions and services in ERCOT, including development, operation, and management of power generation assets, power scheduling and marketing, energy management services and sales of competitive electric service to consumers. TCPA members provide more than 54,000 MW of generating capacity in ERCOT, representing approximately two-thirds (2/3) of the non-wind electric generating capacity in ERCOT and more than eighty-two percent (82%) of all natural gas generating capacity in ERCOT. TCPA member-owned gas plants in ERCOT are mostly situated with access to intrastate pipelines only (77%). TCPA members have invested billions of dollars in the state and employ thousands of Texans.

GENERAL COMMENTS

TCPA appreciates the opportunity to provide comment on the NAESB Gas-Electric Harmonization Forum Discussion Paper. TCPA does not make comment on the summary of comments received, assuming the staff summary is consistent with the comments received from stakeholders. Lack of comment on the summary should not be construed on TCPA verifying accuracy of other stakeholder comments nor should it be construed as agreement with positions taken by other stakeholders. TCPA stands by its comments throughout the forum, many of which disagree with positions regarding the availability of firm fuel on intrastate Texas pipelines, as well as with positions taken by Texas intrastate pipelines regarding the competitiveness of that market and the robustness of the regulatory oversight.

Section II. Comments on Discussion Paper

Question Title

¹ TCPA member companies participating in these comments include: Calpine, Cogentrix, Constellation (formerly Exelon), EDF Trading North America, Luminant, NRG, Rockland Capital, Shell Energy North America, Talen Energy, Tenaska, TexGen Power, and WattBridge.



Please review the Summary of Comments by Topic Areas Identified by FERC and NERC Staff discussion paper (LINK) and respond to the following questions:

a) Are there areas or proposals outside of those included in the discussion paper that the Forum should consider? If so, what are they?

The summary of comments and topic areas identified by the FERC and NERC Staff discussion paper are fairly comprehensive, in scope. The Forum should, in considering the topics and proposals in each, bear in mind the differing state and regional contexts as well as the incentives and tensions that each proposal would have on both resource adequacy and operational reliability objectives. For example, while proposals to require generators to obtain firm gas service or to otherwise “back-up” its output capability might have some simplistic appeal from an operational standpoint, the cost of such proposals for generators is likely untenable in many instances (assuming the options are even available), which would be net negative from a resource adequacy standpoint. Since a smaller resource pool both reduces the ability to meet peak load needs *and* reduces optionality to grid operators in managing non-peak (but still critical) operational needs, such as net load ramping capabilities or non-spinning reserves, the Forum should overweight potential negative impacts to resource adequacy in its consideration of the various proposals. The analysis should also not unnecessarily cause unit exits when they are needed for periods without gas scarcity (e.g., Summer). Policies which unnecessarily punish assets, may counterintuitively reduce reliability by causing premature exits when those units would have been regularly available and needed to meet peak Summer demand. That said, to the extent that any policies are pursued that would require generators to obtain firm gas or otherwise “back-up” its output capability, it would become even more critical that all such resources have a mechanism to be compensated for the fuel security they are compelled to provide.

b) Do you have any comments on the categorizations and summaries provided in the discussion paper?

Section 1(a) in the summary is framed only in terms of sharing aggregated gas system information with Bulk Electric System (BES) operators; while BES operators certainly have an



interest in receiving better information about the natural gas system, all shippers on the natural gas system (including natural gas-fired generators on the BES) would benefit from additional visibility into real-time or near real-time information about the natural gas system (e.g., aggregate production/processing volumes and curtailments; storage capacity & withdrawal levels; transportation flows and available capacity). The Forum should consider revising Section 1(a) to read “Whether and how natural gas information could be aggregated on a regional basis for sharing with Bulk Electric System operators and generators in preparation for and during events in which demand is expected to rise sharply for both electricity and natural gas, including whether creation of a voluntary natural gas coordinator would be feasible.”

Section 2(a) in the summary is framed solely around the “reliability of the intrastate natural gas pipelines...” but the underlying comments also highlight the importance of financial incentives and having a functional market for natural gas that supports and is aligned with reliability needs. No other section seems to squarely address this objective, so the Forum should consider either moving/copying some of those comments to a new section that directly addresses it or alternatively revising the description of Section 2(a) to read “Additional state actions (including possibly establishing an organization to set standards, as NERC does for Bulk Electric System entities, and market oversight and design frameworks, as FERC does for interstate gas sales) to enhance the reliability of intrastate natural gas pipelines and other intrastate natural gas facilities and the ability for intrastate gas markets to align with reliability needs.”

Section 2(c) in the summary is focused on prioritization of critical natural gas infrastructure load (for electric load shed planning), but some of the underlying comments are focused on the prioritization of critical electric infrastructure (for gas curtailment planning). Therefore, the description should be revised to reflect both considerations – e.g., “Methods to streamline the process for, and eliminate barriers to, identifying, protecting, and prioritizing critical natural gas and electric infrastructure load for respective curtailment prioritization.”



Section 3(a) in the summary seems to presuppose that requiring natural gas generators to obtain firm gas supply or dual fuel capabilities should be pursued by regulatory authorities. However, as noted in the response to survey question (a) above, such requirements could ultimately have net negative consequences for BES reliability if its effect is to heap costs upon generators unless generators are also assured a mechanism to be compensated for the fuel security they would be compelled to provide. Accordingly, the Forum should revise the section description to read: “Which entity, if any, has authority to require certain natural gas-fired generating units to obtain either firm supply and/or transportation or dual fuel capability, under what circumstances such requirements would be cost-effective or consistent with resource adequacy and other reliability objectives, and how such requirements could be structured, including associated compensation mechanisms, whether additional infrastructure buildout would be needed, and the consumer cost impacts of such a buildout.”

Section 3(c) in the summary asks which entities have authority to give electric generation priority “second only to residential heating load,” but there may be rare instances where the public interest warrants further prioritization of electric generation above residential heating (e.g., avoidance of a black start event, where gas residential heating abilities would be impaired by lack of electricity anyhow and the societal costs of the black start event would outweigh the LDC outage recovery costs). Accordingly, the “second only to residential heating load” distinction should be struck from the section description.

CONCLUSION

The lack of transparency of information on intrastate pipelines creates a significant barrier for both generation owners and independent system operators to ensuring gas supply to generation resources is reliable and will be delivered as contracted. The nature of generation dispatch makes it difficult to contract for exactly the amount fuel and fuel delivery needed because some markets, such as ERCOT, compensate generators only for fuel burned to produce power. Without the presence of either a make-whole mechanism to compensate generators for gas contracted for but not burned due to lack of dispatch, or a capacity release requirement coupled with transparency of



activities on the intrastate pipelines, firm fuel commodity and delivery will remain uneconomic up to a generator's high sustained limit (HSL) on a year-round, daily basis. The opacity of the intrastate delivery and storage markets and the lack of meaningful competition in certain geographic areas threatens the reliability of the grid overall and increases consumers' end costs unnecessarily. TCPA recommends the NAESB GEH Report make recommendations to reliability entities and state legislatures as well as to NERC and FERC for specific changes to facilitate a transparent, competitive marketplace for gas delivery and storage on intrastate pipelines. TCPA appreciates the robust discussions during the GEH Forum and looks forward to working with participants to ensure a reliable and affordable electric and gas system regardless of location or type of pipeline serving resources.

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Respectfully submitted,

A handwritten signature in black ink that reads "Michele Richmond".

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