

MEMORANDUM

TO: Suzanne Keenan,
Chair, NERC Board of Trustees

FROM: Roy Jones
Scott Tomashefsky
Tom Heller
Colin Hansen

DATE: April 23, 2025

The Sector 2 and 5 members of the North American Electric Reliability Corporation (NERC) Members Representatives Committee (MRC), representing State/Municipal and Transmission Dependent Utilities (SM-TDUs), appreciate the opportunity to respond to your April 3, 2025, letter to the members of the MRC in which the NERC Board of Trustees (Board) requests MRC input on the reliability implications of large load integration. Your letter specifically asks:

1. Does the “Reliability Insights” capture all risks and appropriate mitigation strategies? Are there any risks or mitigation strategies missing and if so, what are they?
2. Do the Work Plan initiatives properly address mitigation strategies? Is there anything missing?
3. Are current regulatory structures sufficient to ensure that needed mitigations are put in place? Are administrative and/or regulatory changes needed to ensure the reliable operation of natural gas systems, with a focus on the gas-electric interface?
4. What should be NERC’s priorities in terms of initiatives?

SM-TDUs appreciate the Board’s continued improvement in stakeholder engagement, particularly with the MRC. And we appreciate the continued efforts of NERC management to collaborate with Sectors 2 and 5 through strong engagement with our trade associations and through direct contact with our sector members. Engagement on issues such as Large Load Integration and the Modernizing Standards Processes and Procedures has been positive, and we believe that our participation on these issues will facilitate our shared goal of improving grid reliability. We look forward to continued collaboration. To facilitate that collaboration and to continue improving communication between the Board and MRC members, we reiterate our previous request to have an additional in-person meeting with the Board and MRC. With the pace of change and uncertainty we face, we believe this additional meeting is important.

SUMMARY OF COMMENTS

- We support NERC’s focus on addressing the reliability risks associated with gas-electric interdependencies.
- NERC’s existing jurisdiction allows for NERC to continue improving transparency into gas-electric interdependency issues and to play a coordinating role among various stakeholders.
- We urge NERC to keep in mind regional differences when addressing gas-electric coordination issues.

SM-TDU COMMENTS

We support NERC’s focus on addressing the reliability risks associated with gas-electric interdependencies.

For many years, we have understood the risks to electric reliability due to interdependencies with the natural gas system. While progress has been made in addressing some of the risks, more work is needed to increase product and asset availability, price transparency, accountability, and coordination between the natural gas and electric industries to ensure electric reliability. This is especially true as natural gas now fuels over 40% of the nation’s electricity generation and as demand forecasts for electricity continue to increase. NERC’s continued focus on addressing the reliability risks associated with gas-electric interdependencies is therefore appropriate.

NERC’s existing jurisdiction allows for NERC to continue improving transparency into gas-electric interdependency issues and to play a coordinating role among various stakeholders.

NERC’s Electric/Gas Work Plan properly identifies actions within NERC’s existing jurisdiction to address reliability risks associated with gas-electric interdependencies. Nearly all of the identified initiatives are being led by NERC’s Reliability Assessment and Performance Analysis (RAPA), Bulk Power System Awareness (BPSA), and External Engagement teams. This reflects NERC’s appropriate focus on actions that (i) improve transparency and analytics around specific gas-electric reliability issues (ii) coordinate the efforts of various stakeholders who are ultimately responsible for making any necessary changes.

In particular, NERC can play an important role in facilitating transparency, monitoring, and reporting on installed and forecasted gas production and transportation capability. Electric generators and load-serving entities have very limited visibility into natural gas supply—from the wellhead to delivery points—making it difficult to identify key risk points. Improving transparency, monitoring, and reporting on the gas system will allow electric utilities to better manage the risks associated with gas availability during tight conditions.

We urge NERC to keep in mind regional differences when addressing gas-electric coordination issues.

The specific reliability issues associated with gas-electric interdependencies vary around the country: gas storage issues in Southern California, for example, are very different than pipeline constraints in New England. NERC analysis and recommendations from one region of the country will therefore not always be directly transferable to other regions. While there are certainly opportunities to leverage analytical tools from one region to another, we urge NERC to pay close attention to regional differences with respect to solutions.

Sectors 2 and 5 Responses to Board Questions

- 1. Does the “Reliability Insights” capture all risks and appropriate mitigation strategies? Are there any risks or mitigation strategies missing and if so, what are they?*

NERC's *Reliability Insights* is a high-level document that effectively summarizes the extensive analysis that NERC and other entities have conducted with respect to reliability risks associated with gas-electric interdependencies. All the risk and mitigation strategies captured in NERC's *Reliability Insights* are consistent with recommendations made in previous reports. We note, however, that many of the mitigation strategies are actions that must be taken by entities other than NERC. As discussed above, NERC's existing jurisdiction allows NERC to improve transparency into those issues and to coordinate the actions of relevant stakeholders.

2. *Do the Work Plan initiatives properly address mitigation strategies? Is there anything missing?*

The Work Plan is a concise, single-document summary of all the actions NERC can and should take to improve transparency and coordinate activities of relevant stakeholders to address gas-electric interdependency risks.

3. *Are current regulatory structures sufficient to ensure that needed mitigations are put in place? Are administrative and/or regulatory changes needed to ensure the reliable operation of natural gas systems, with a focus on the gas-electric interface?*

We recognize that NERC's authority to implement mitigation strategies is limited, especially regarding policies that will facilitate an affordable supply of natural gas as well as the pipeline infrastructure necessary to ensure reliable and timely transportation. NERC should continue to work within its existing authorities to address reliability risk, particularly through improving transparency and convening stakeholders.

4. *What should be NERC's priorities in terms of initiatives?*

The priorities identified NERC's Work Plan are appropriate. We urge NERC to focus on those pieces of the Work Plan that will improve transparency and better coordination between the gas and electric sectors.