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Date: July 12, 2013, 2:57:44 PM EDT
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Cc: Lou D'amico <lou@pioga.org>, Kevin Moody <kevin@pioga.org>, "Robert L. Eckle (reckle@aps-corp.com)" <reckle@aps-corp.com>
Subject: Comments from PIOGA End User Subcommittee (EUS) re: EIPC Scope of Work

Hi Gary,

I held a conference call earlier this week to get input on the S.O.W. The comments were fairly consistent across the board. Although there were no objections to the study as a whole, the producer sector wishes to understand more about the following details:

Target 1.

There were more comments than questions pertaining to the topic of developing a baseline assessment. Overall, we feel that more education is needed via information sharing, best practices, etc.; we noted various operational outcomes given such items as siting (behind a city gate v. behind a Transmission pipeline); pipeline asset mix i.e., storage, balancing; and also performance swings dependent upon whether peakers versus base-load generators are called; and also the management or operational dispatch given Gas Control teams or Asset Managers.

In other words we discussed the “variables” that the EIPC team will most likely encounter as well.

Target 2.

Since most natural gas projects are planned for the next five years, how does this coincide with the Electric planning for years six through ten – what methodology* will be used beyond the initial five-year term? Also – when did the clock start on year one? At the beginning of the original study or now that the natural gas sector will be a consideration? (2013)?

What will the major indicator be of “economic growth”?

How will each PPA evaluate DR participation when calculating capacity? If the FERC should change market rules, what is in place in this study that would reflect this?

How was 100 MW or greater (pipe) and 50 MW or greater (LDC) determined? What is the expectation of any gas capable gen units below these targets? Are any of these lower MW generators dual fuel?

The comment: Admittedly there is a high cost of holding Firm Transportation Capacity, so we feel that this issue will be best served by designing a market rate including an adequate cost recovery mechanism. We discussed other issues around capacity FT & IT– this is key.

*I did read some information about past methodology, however, we were not sure if what is posted on the eipconline.com is outdated and will be refreshed given the S.O.W.

Target 3.

It appears as though the S.O.W. will address the balance of system reliability as an infrastructure/operational issue as well as a policy/planning issue – this section appears balanced and well worded for discovery and solutions.

Target 4.

The producers would like to stay close to this issue given that the EPA regs/permitting would indicate that Nat Gas generation is more favorable. Does both the five and ten year plan account for Transmission system (by PPA) improvements to handle any additional Nat Gas fired Generation?

In our opinion, the study should provide some interesting/engaging discussions. We (along with Kevin Moody as our representative) look forward to participating and we thank you for the opportunity.

Kind regards,
Joyce

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