

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC CONSIDERATION OF THE)
IMPLEMENTATION OF NORTH AMERICAN) CASE NO. 2023-00272
ENERGY STANDARDS BOARD'S)
RECOMMENDATIONS ON GAS AND)
ELECTRIC HARMONIZATION)

COMMENTS OF COLUMBIA GAS OF KENTUCKY, INC.

I. INTRODUCTION

NiSource, Inc. on behalf of Columbia Gas of Kentucky (“Columbia”) and its other Local Distribution Companies, is a member of the North America Energy Standards Board (“NAESB”) and actively monitored the gas / electric harmonization (GEH) forum that resulted in the 20 recommendations contained in the July 28, 2023, Gas Electric Harmonization Forum Report.

Columbia is supportive of enhanced gas and electric coordination, plans to participate in discussions, and keep updated on the progress of this industry initiative. In addition to monitoring and participating at NAESB, NiSource participates and monitors the Gas and Electric Harmonization efforts at the Midwest Independent System Operator, Inc. (“MISO”), which Columbia’s affiliate Northern Indiana Public Service

Company LLC (“NIPSCO”) is a Transmission Owner and member, and PJM Interconnection, LLC, (“PJM”) which NIPSCO is a member.

As the Commission reviews the responses to each recommendation, Columbia respectfully suggests that the Commission recognize that the events GEH is attempting to address only occur a few days in some years during extreme cold weather events, such as Winter Storm Elliot. In fact, Columbia has not experienced an extreme cold weather event that has negatively impacted its ability to serve its customers. Columbia believes that the cost to customers for addressing these extreme cold weather events needs to be considered when these recommendations are considered.

Columbia appreciates the opportunity to comment in this docket and respectfully makes the following comments regarding the recommendations identified in the Commission’s August 25, 2023 Order in this docket.

II. COMMENTS

Recommendation #7 – State public utility commissions and applicable state authorities in states with competitive energy markets should engage with producers, marketers and intrastate pipelines to ensure that such parties’ operations are fully functioning on a 24/7 basis in preparation for and during events in which extreme weather is forecasted to cause demand to rise sharply for both electricity and natural gas, including during weekends and holidays. (States could consider the approaches adopted in FERC regulations affecting the interstate pipelines.) In instances where state authorities lack enabling authority to take such actions, the FERC should adopt regulations to achieve identical outcomes within its authority.

Columbia supports this recommendation. Intrastate pipelines, producers and marketers should staff such that they can deliver critical energy supplies and their

operations are fully functioning on a 24/7 basis during extreme weather events.

Columbia has a gas operations department that is staffed 24/7 and works directly with its interstate pipeline and storage operators to ensure coordinated communication of operational information. Columbia plans for design day/ peak conditions to serve its customers, and supports the efficient exchange of information between gas system operators to ensure reliable operations during high demand times. Enhancements to these policies / procedures may require additional investment and regulatory modifications.

NiSource is monitoring the proposals in the PJM Electric Gas Coordination Senior Task Force to create a Multi-Day Energy Security (“MDES”) product and a Real-time Commitment (“RTC”) process. The MDES would allow MDES suppliers to receive fixed payments in exchange for arranging for incremental energy for each day of the weekend period and offering the energy at or above a pre-determined strike price. The RTC process would be executed daily in real-time with the goal of aligning intra-day gas nomination deadlines with electric commitment start times.

Recommendation #10 – State public utility commissions should encourage local distribution companies within their jurisdictions to structure incentives for the development of natural gas and electric demand-response programs in preparation for and during events in which demand is expected to rise sharply for both electricity and natural gas.

Columbia is supportive of demand response programs for both the electric and gas industries provided the programs are structured in a manner that enables end users

to participate on a voluntary basis and costs of such programs are recoverable and allocated on cost to causation basis. Columbia's current tariff allows for the interruption of services to large demand up to curtailment of gas delivery on a priority basis to preserve the integrity of its system. Enhancements to these policies / procedures may require additional investment and regulatory modifications.

Recommendation #11 – State public utility commissions should encourage local distribution companies within their jurisdictions to provide voluntary conservation public service announcements for residential, commercial and industrial customers in preparation for and during events in which demand is expected to rise sharply for both electricity and natural gas.

Columbia generally encourages conservation during winter heating months in an effort to mitigate impacts on customer bills. Columbia would be willing to work with federal, state, and local authorities, along with other gas providers, to consider issuing public appeals to specific geographic locations during these events.

Enhancements to these policy / procedures may require additional investment and regulatory modifications.

Recommendation #12 – Joint and cross-market, long-term planning should be expanded by relevant gas and electric market parties with an increased focus on fuel adequacy. FERC should encourage this planning coordination using its oversight roles for interstate pipelines, regulated RTO/ISO interstate transmission, and Electric Reliability Organization (ERO)-related Planning Authorities and collaborate with state public utility commissions and applicable state authorities.

Columbia is supportive of coordinating the long-term planning processes of both the gas and electric industries provided the outcome is reasonable, not overburdensome, and allows individual local distribution companies the ultimate decision-making authority to plan for the needs of its customers. Changes to these policies / procedures may require additional investment and regulatory modifications.

Recommendation #13 – FERC, state public utility commissions, and applicable state authorities in states with competitive energy markets should consider whether market mechanisms are adequate to ensure that jurisdictional generators have the necessary arrangements for secure firm transportation and supply service and/or storage to avoid and/or mitigate natural gas supply shortfalls during extreme cold weather events, and if not, (a) determine whether non-market solutions are warranted, including funding mechanisms borne or shared by customers and (b) if warranted, adopt such non-market solutions.

Columbia, as a pure gas distribution company, sees this discussion being largely for electric industry participants to consider whether the current systems are adequate. However, Columbia supports the need for discussions, and will support as needed. Further, depending on the outcome of these discussions and in the event they result in policy changes, additional investment and regulatory modifications may be needed. NiSource on behalf of Columbia and its fellow operating companies, including Northern Indiana Public Service Company LLC, which is both a MISO and PJM member, participates and monitors developments in the electric industry.

Recommendation # 14 – Applicable state authorities should consider the adoption of legislation or regulations or other actions to create a secondary

market for unutilized intrastate natural gas pipeline capacity, including a requirement for intrastate pipelines¹ to offer some minimum level of firm service and/or support bilateral agreements between end users. In instances where state authorities lack enabling authority to take such actions, the FERC should adopt regulations to achieve identical outcomes within its authority.

Columbia is willing to participate in any efforts to discuss the development of a secondary market for the release of unutilized intrastate pipeline capacity. The development of an official secondary market model may require additional investment and regulatory modifications.

Recommendation #15 – Applicable state authorities should consider establishing informational posting requirements for intrastate natural gas pipelines to enhance transparency for intrastate natural gas market participants regarding operational capacity data, similar to the reporting and posting requirements mandated by the FERC for interstate natural gas pipelines as part of 18 CFR §284.13. In instances where state authorities lack enabling authority to take such actions, the FERC should adopt regulations to achieve identical outcomes within its authority.

Columbia does not own or operate any intrastate pipelines. Policy changes to the intrastate pipeline systems may require additional investment and regulatory changes.

Recommendation #16 – Applicable state authorities should consider the development of weatherization guidelines appropriate for their region/jurisdiction to support the protection and continued operation of natural gas production and processing and gathering system facilities during extreme weather events, and require public disclosure concerning weatherization efforts of jurisdictional entities.

¹ For purposes of responding to these recommendations, Columbia assumes that “intrastate pipelines” as used here has the same definition as in KRS 278.504, and therefore none of Columbia’s owned natural gas facilities fall into this definition.

Columbia supports this recommendation as applied to those entities that produce, gather, and/or process natural gas. Columbia is not involved in these activities, but weatherization of production, gathering, and processing facilities is critical to maintaining flowing supplies needed during extreme weather events. In the event this recommendation requires Columbia to change its processes, it may require additional investment and regulatory modifications.

Recommendation # 17 – Many generalized recommendations for resource adequacy and accreditation and market reforms to bolster reliability were offered throughout the NAESB GEH Forum activities; we understand, however, based upon information provided by representatives from the ISO and RTO segment, that steps are being taken within the organized markets to consider such reforms through their stakeholder processes. The GEH Forum endorses this evaluation of resource adequacy and accreditation requirements by all ISOs and RTOs and encourages the review of the Forum record.

Columbia, as a pure gas distribution company sees this as an issue for electric industry participants to consider whether the current resource adequacy construct for electric reliability is adequate. However, Columbia is willing to support this effort, as needed. Depending on the outcome of these discussions and any required changes to Columbia's policies, additional investment and regulatory modifications may be needed.

III. CONCLUSION

Columbia appreciates the opportunity to offer its comments regarding the implementation of the recommendations made in the NAESB Report and hopes that its comments will aid the Commission as it considers said recommendations.

This 27th day of November, 2023.

Respectfully submitted,

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