

Meeting Notes

Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination Standard Drafting Team

December 6, 2022 | 1:00 – 2:30 p.m. Eastern

Review NERC Antitrust Compliance Guidelines and Public Announcement

Alison Oswald, NERC staff, called attention to the NERC Antitrust Compliance Guidelines and the public meeting notice.

Roll Call and Determination of Quorum

A team roll call was taken and quorum was determined on both days. The member attendance sheet is attached as attachment 1.

Opening Remarks

Alison Oswald informed the team that the December 8, 2022 meeting will be cancelled due to several team members being unavailable. The last meeting of the year will be December 15. Kenny Luebbert, chair, stated the team will put 1g on hold until we are in person, and the team is now going to tackle 1h. There are some antitrust concerns around demand response, and Lauren Perotti, NERC Legal, has a response on that which we will discuss later.

Key Recommendation 1h

First off, Kenny asked if this issue is hypothetical or is it a realized problem. Heather Polzin from FERC stated during the research of the event, the inquiry team found an entity that had had registered multiple facilities in ERCOT. An observer also mentioned an oil and gas client with registered facilities. Additionally, he asked if recommendation 8, which states recommendation 1h needs to be addressed with it, will be discussed here as well. FERC noted that text should have referenced 1g, not 1h, and it looks like a typo in the report. Recommendation 8 is supposed to apply to gas supply for power generation, which does tie into 1h as it seals with risk to GO fuel, however it is most applicable to 1g.

The team discussed what is considered “critical”. A team member stated the critical infrastructure would be between storage and generation, not to include gas production which other team members agreed with. An observer stated this might not always be the case and sometimes production from wells go straight to a plant. FERC agreed with this statement and further said in some places there isn't adequate storage. FERC defined critical by its impact on the grid, so we wouldn't have to decide if a particular "thing" is in or out. In Texas, they defined critical gas infrastructure production over a certain criteria as "in". It was stated that the criteria should be based on impact, possibly on loads supplied, like generators. The team discussed that pipeline companies would have to disclose who they supply and that the mechanics of this are challenging.

FERC stated that report recommendation 28 centers around identifying critical natural gas infrastructure loads. It's kind of up to the gas companies to ID what's critical and what isn't. Additionally, states are identifying critical natural gas loads in ways different than Texas. FERC encouraged the team to focus on how those identified items fit into demand response, not how to identify critical natural gas infrastructure.

Kenny Luebbert asked if demand response programs are established and run by BA, or by the utility, and provided by BA? Collin Martin stated in ERCOT, load resources are administered by BA. Recently, ERCOT started requiring entities to not have critical natural gas loads. To be part of program, a utility can't have critical natural gas loads. ERCOT relied on definitions developed and provided the following two resources: [PUCT](#) and [Railroad Commission](#). The team agreed that these lists are highly inclusive of natural gas chain.

Matt Harward wanted clarity on what is considered a "natural gas load" to which some team members responded that the team is still trying to figure that out. Matt Harward stated he see it defined as pipelines and wells, according to the resources provided, and these don't look like part of the BES. The team needs to determine what "load" is with regards to BES, otherwise we can't include it as part of a standard. Kenny suggested it could be done by only applying to items over a certain criteria, like load or volume. There are customers who can turn off their systems with low impact, and if they are provided a financial incentive, they'll take the offer. Those are the customers we want to focus on. Matt agreed, but stated that focus should be on the user, not the provider. FERC staff stated when the inquiry team developed these recommendations, we knew that there's a coordination that has to take place, and identification of critical natural gas infrastructure is important. Key natural gas facilities are critical to providing fuel to GO and customers. There may be critical facilities on the grid, and they need to be identified that way for demand response. The intent of the recommendation is that the critical facility shouldn't be interrupted in demand response, because it will cause a circular effect of reducing power generation. For example, SPP might not know at their level, so local operating authority should know.

Collin Martin stated the list from Public Utility Commission of Texas is very broad and missing prioritization. The team can't blanket eliminate all these from UF/UV load shedding. The team agrees that we need to develop language to ID critical loads. Kenny Luebbert asked the team if demand response is EOP-011, the same standard as load shedding? Observer David Lemmons stated to his knowledge, there is no standard on demand response. Only rules on contingency reserve. He also stated there is a market competition between gas producers and power generation. If we're not careful, we'll run afoul of antitrust concerns. Lauren Perotti, NERC Legal, restated that this observer's concern is that implementing recommendation 1h could run afoul of antitrust regulations during emergencies. The Inquiry report doesn't want all natural gas loads out of demand response, only ones that could destabilize the grid. Order 672 says we can't create "undue" limits on market, but this key recommendation is limited, so doesn't create an "undue" limit on market. She thinks the SDT can pursue this recommendation, but needs to balance interests. Limitations should be balanced with impact to reliability of grid and not singling out competitors. David Lemmons asked if there are any concerns that the antitrust laws don't use "undue" but Order 672 does? NERC legal responded that the antitrust rules say "unreasonable" not "undue". Courts have upheld some limits on regulatory bodies, but we're focused on grid reliability, and so we're not "unreasonably" restraining trade. She is happy to weigh in on concerns going forward and encourages the SDT to figure out minimum

restraints to maintain reliability. Kenny thanked Lauren for her insight and stated the team needs to find a minimum rule, not a conservative one. Let's focus only on "critical" infrastructure to stay safe.

The team opened EOP-011 and reviewed Requirement R2. The Balancing Authority (BA) operates the plan, but team members asked if the BA gets that info from utilities? Matt Harward states that emergency operating plan doesn't identify specific loads, and looks to transmission operators plans to use those provisions. Then the BA gives direction to use those plans. The BA doesn't have granularity to interrupt specific loads. That's why we updated TOP to ensure TOs know what's in their plans. Requirement should be on TOP for the specific loads. Colin Martin states that the team will find different answers depending on where they look; different regions handle it differently. Matt asked if ERCOT is granular enough to know which loads to curtail; they don't just tell the TOP to shed XXX amount of load? Collin stated to his understanding, yes, they administrate those plans. They require entities that participate in the programs to tell them they have no critical loads in the demand response program.

Kenny suggested creating a Part 2.2.7.1 that has wording preventing "critical infrastructure loads" in the demand response program. He stated the team will have to define that, but this seems like a straight forward fixes. Matt asked if the attestation about critical infrastructure is fraudulent, who is responsible for that, who would the standards hold accountable, and how does it be enforced? David Deerman stated that the diversity of markets and entities is going to make it very difficult to have a definition. What if load is not critical in a storm on day 1, but is on day 3? Seems like GOs should weigh in on how "critical" a load is. Matt stated that SPP is working on market protocols for critical and essential loads. The team needs to keep in mind that the BA is a reliability functional entity. But in some areas it's the market manager, and there are other rules regarding demand response. Two concerns were raised by an observer, first, the recommendation states operating plans, but EOP-011 is only emergency operating plans. Can FERC/NERC clarify if this recommendation is only for when we have an emergency? Matt says the report recommendation says we have to do both. David Huff from FERC agreed, it's both. In Feb 21, BAs knew they were going to face an emergency before the emergency hit. So they need to be able to plan contingencies and load shedding ahead of time and not cause additional problems. Kenny states that the team needs to specify rules for all demand response, not just in an emergency.

The team concluded the meeting with assigning work to be completed prior to the next meetings as follows: Matt Harward will draft a definition of critical natural gas infrastructure, Collin Martin will attempt to draft some language in the standard, and Jill Lower will review other areas of the standards that deal with demand response. Alison Oswald reminded the team the meeting on December 8 is cancelled and the next meeting will be on December 15.

Attachment 1

Name	Organization	12/6
Kenneth Luebbert	Evergy, Inc.	Y
Matthew Harward	Southwest Power Pool, Inc.	Y
Venona Greaff	Oxy	Y
Derek Kassimer	ReliabilityFirst	N
Jonathan Davidson	City Utilities of Springfield	Y
David McRee	Duke Energy	N
Thor Angle	Puget Sound Energy	N
Keith Smith	Orsted Onshore North American	Y
Chad Wiseman	Newfoundland & Labrador Hydro	N
Bradley Pabian	Louisville Gas & Electric and Kentucky Utilities	Y
Collin Martin	Oncor Electric Delivery, LLC	Y
Jill Loewer	Utility Services	Y
David Kezell	Electric Reliability Council of Texas, Inc. (ERCOT)	Y
Ryan Salisbury	Oklahoma Gas & Electric	Y
David Deerman	Southern Company Services	Y