

Announcement

NERC Assessment Identifies Key Findings for Future Industry Dependency on Natural Gas

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ATLANTA – The majority of new generating capacity projected in the next ten years will rely on natural gas as its primary fuel, a recent assessment by the North American Electric Reliability Corporation (NERC) finds. The *2011 Special Reliability Assessment: A Primer of the Natural Gas and Electric Power Interdependency in the United States* reviews gas and electric interdependencies, assesses existing and future challenges, identifies areas of vulnerability, and provides recommendations for enhancing reliability.

Increased dependence on natural gas for generating capacity can amplify the bulk power system's exposure to interruptions in natural gas supply and delivery. Strategies – such as storage, firm fuel contracting, alternate pipelines, dual-fuel capability, sufficient pipeline capacity to support normal and emergency operations, access to multiple natural gas basins, or additional transmission lines from other areas – all can help mitigate and manage potential risks to reliability.

“Natural gas is becoming an increasingly important part of the North American fuel mix for electric generation,” said Mark Lauby, vice president and director of Reliability Assessment and Performance Analysis at NERC. “This report provides the foundation for both the gas and electric industries to work together, ensuring that sufficient infrastructure and operational coordination is in place to maintain bulk power system reliability.”

Key issues identified in the assessment include:

- **Key differences exist.** While the electric industry is somewhat functionally bundled, the natural gas industry is structurally unbundled. This difference makes long-term planning and communication important to operating successfully in different regulatory frameworks.



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- **Increase coordination and communication needed.** Information sharing is needed for the reliable operation between both industries to ensure reliability of the bulk power system.
- **Storage solutions diminish interdependency issues.** Future natural gas storage facilities must satisfy traditional fuel supply reliability demands, while taking into account day and nights swings in demand
- **Electric loads present unique challenges.** As the use of gas-fired generation increases, pipeline enhancements may be required to support large concentrated, high pressure variable gas loads.
- **Ample gas supply expected.** In terms of supply, almost all future natural gas growth comes from the electric sector. Shale gas will likely make a significant contribution to the U.S. supply portfolio.
- **Pipeline expansion to accommodate the electric sector.** Pipeline infrastructure planning must take into account the long-term growth of gas-fired generation, as more pipeline capacity ultimately will be needed.

To download the *2011 Special Reliability Assessment: A Primer of the Natural Gas and Electric Power Interdependency in the United States* assessment, click [here](#).

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The North American Electric Reliability Corporation's mission is to ensure the reliability of the North American bulk power system. NERC is the electric reliability organization (ERO) certified by the Federal Energy Regulatory Commission in the United States to establish and enforce reliability standards for the bulk-power system. NERC has equivalent relationships with provincial and federal authorities in Canada. NERC develops and enforces reliability standards; assesses adequacy annually via a 10-year forecast, and summer and winter forecasts; monitors the bulk power system; and educates, trains and certifies industry personnel. Learn more at www.nerc.com