



Pennsylvania Public Utility Commission

Office of Competitive Market Oversight

Natural Gas Technical Workshop

March 29, 2018



Natural Gas Technical Conference: NGS Switching

- On December 22, 2016, the Commission adopted an *Advance Notice of Proposed Rulemaking Order (ANOPR)* to amend Chapter 59 regulations for changing a customer's NGS. The proposed regulatory changes are intended to accelerate the NGS switching process while preserving safeguards to prevent the unauthorized switching of a customer's account.
- *See Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 59 Regulations Regarding Standards For Changing a Customer's Natural Gas Supplier.*
- Docket No. L-2016-2577413 (entered December 22, 2016).



NGS SWITCHING

- 12 parties filed comments on 2/21/17.
- April 20, 2017: Order inviting Reply Comments – and specifically invited reply comments re:
 - Backdating NGS switches.
 - Limitations on off-cycle switching.
 - NGDCs acting as capacity “clearinghouses.”
 - Diversity of NGDC systems.
 - Data elements in § 59.93.
- 14 parties filed reply comments in June 2017.
- February 27, 2018: Secretarial Letter establishing March 29 Technical Conference.



Natural Gas Technical Conference: NGDC Business Practices

- On August 31, 2017, the Commission adopted an ANOPR to explore NGDC business practices with the intent to improve the competitive natural gas market by revising how capacity is assigned, as well as addressing penalties and imbalance trading.
- *See Proposed Rulemaking: Natural Gas Distribution Company Business Practices; 52 Pa. Code § 62.225.*
- Docket No. L-2017-2619223 (entered August 31, 2017).



NGDC Business Practices

- Proposed revisions to Title 52 of PA Code Chapter 62 (relating to Natural Gas Supply Customer Choice), regulations which address the release, assignment and transfer of capacity among natural gas distribution companies (NGDCs) and natural gas suppliers (NGSs).
- The proposed rules seek to bring greater transparency, consistency and equity to the market while maintaining system integrity and improving reliability.
- The proposed rules also seek to create uniform capacity cost allocations, provide more tools and market pricing to handle daily balancing within the market, and give market participants real-time information to enhance system operations.



NGDC Business Practices

- 16 parties filed comments on November 2, 2017.
- February 27, 2018: Secretarial Letter establishing March 29 Technical Conference.



Process

ANOPR

- COMMENTS
- TECHNICAL CONFERENCE

NOPR

- Submitted to IRRC, OAG, General Assembly, Pennsylvania Bulletin.
- COMMENTS

**Final
Rulemaking
Order**

- IRRC review
- Pennsylvania Bulletin

The above represents a “typical” process. Intermediate orders, calls for additional comments, stakeholder processes, etc. are also possible elements of the process.



NGS SWITCHING PROPOSALS:

- Requirements on natural gas distribution companies (NGDCs) to shrink switching time frames from the current one to two months to three business days, which is consistent with the electric industry standard;
- Requirements on NGDCs to implement any operational, metering, billing or other changes required to facilitate accelerated switching within twelve months of the new regulations becoming final;
- A proposal that customers can contact their NGDC and request a return to NGDC service;
- Cost recovery for NGDCs in implementing these new requirements.



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Questions?



Appendix



NGDC Business Practices

- CAPACITY:

A release, assignment or transfer **[must be based upon the applicable contract rate for] of** capacity or Pennsylvania supply **[and] shall** be subject to applicable contractual arrangements and tariffs. **Capacity or Pennsylvania supply costs shall be charged to all customers as a non-bypassable charge based on the average contract rate for those services.**



NGDC Business Practices

- CAPACITY:

A release of an NGDC's pipeline and storage capacity assets must follow the customers for which the NGDC has procured the capacity, subject only to the NGDC's valid system reliability and Federal Energy Regulatory Commission constraints. **When release must be restricted due to reliability or other constraints, an NGDC shall develop a mechanism that provides proxy or virtual access to the assets.**



NGDC Business Practices

- **IMBALANCE TRADING:**

An NGDC shall provide the opportunity for imbalance trading on the day the imbalance occurred. Capacity may be traded between market participants provided that either:

(i) The trade improves the position of both parties.

(ii) The trade improves the position of one party and is agreed to by the second party but does not negatively impact the second party's imbalance.



NGDC Business Practices

- NON-PEAK PENALTIES:

Penalties during system off-peak periods must correspond to market conditions.

(i) An NGDC shall use the system average cost of gas as the reference point for market based penalties. If an NGDC takes service from a local hub, it may use the local hub as a reference point for market based penalties.

(ii) The lowest penalty must be set at the market price.