PUCT PROJECT NO. 52345

CRITICAL NATURAL GAS FACILITIES AND ENTITIES	**§** **§**	**PUBLIC UTILITY COMMISSION OF TEXAS**

NRG ENERGY, INC.'S COMMENTS ON THE COMMISSION STAFF'S QUESTIONS FOR COMMENT

NRG Energy, Inc. ("NRG") appreciates the opportunity to provide feedback to the Public Utility Commission of Texas ("Commission") on the questions issued for comment concerning the implementation of House Bill ("HB") 3648 (87th Legislature, Regular Session) regarding critical natural gas facilities and entities.

I. EXECUTIVE SUMMARY

NRG is committed to establishing a process to ensure that critical infrastructure is providing adequate natural gas in an energy emergency. NRG appreciates the Commission providing an opportunity for stakeholders to provide feedback. To that end, NRG provides the following summary of its responses to Staff's request:

- Any facility that provides power to the grid should be considered when evaluating whether a facility associated with providing natural gas in the state is deemed critical.
- Regarding a utility's load shed plans, a process should be implemented whereby natural gas facilities provide up-to-date critical infrastructure information and utilities review what natural gas facilities submit periodically. Implementing such a process will ensure that when an emergency does occur, utilities and natural gas facilities can quickly turn to their load shed plans.
- NRG agrees that there should be a prioritization or hierarchy for power delivery and restoration purposes during an energy emergency.
    - There should be specific documentation laying out the priority or the process for how to determine which facilities are prioritized ahead of others.

- Commission Staff can look to the Railroad Commission of Texas's Emergency Order issued on February 12, 2021 during Winter Storm Uri for guidance.[1]

- The prioritization of critical facilities for power delivery and restoration purposes during an energy emergency should also take into consideration the price of gas. The curtailment of gas to one facility so that it can be delivered to a facility deemed critical should not create such a large swing in prices wherein the market becomes unstable.

II. RESPONSE TO COMMISSION STAFF'S QUESTIONS

NRG responds to the Commission Staff's questions below.

1. *What criteria should be considered when evaluating whether a facility associated with providing natural gas in the state is critical during an energy emergency?*

Facilities that are essential to the production and delivery of natural gas to electric power plants and that rely on electricity should be considered when evaluating whether a facility associated with providing natural gas in the state is deemed critical.

a. Please elaborate on any specific criteria proposed to identify the critical natural gas facilities that supply generators of electric energy in the ERCOT power region.

While NRG does not provide specific criteria to identify critical natural gas facilities that supply generators of electric energy in the ERCOT power region, herein, as noted above, generally speaking, natural gas facilities that are essential components in the process to supply electric generators should be considered critical. In the past, ERCOT has shut off compression stations when shedding load, and there have been outages at production facilities, specifically pumps and compressors even though these facilities provide natural gas to power plants. As such, any facility providing natural gas directly to power plants should be deemed critical. NRG understands that there has been a large increase of facilities requesting critical designation which has other consequences. Therefore, the Commission could prioritize facilities by the size of the facility, the

[1] *Emergency Order*, Railroad Commission of Texas (dated February 12, 2021). emergency-order-021221-final-signed.pdf (texas.gov)

production amount each facility provides, and whether the facilities are in the direct supply chain for electric power production.

b. How should utilities incorporate critical natural gas facilities and entities into load shed plans?

Utilities, natural gas facility operators, and ERCOT should coordinate to ensure that critical infrastructure is addressed in the utility's load shed plan so that critical infrastructure is not shut off. There should be at least a process whereby natural gas facility operators provide up-to-date critical infrastructure information to utilities and ERCOT for review. More specifically, natural gas facility operators should submit documentation describing and outlining their critical infrastructure. Utilities and ERCOT should review and verify the documentation those facility operators provide. Utilities and ERCOT should review the load shed plans quarterly for the first year and then annually to ensure that the information provided by the natural gas facility operators is current. Implementing such a process will ensure that load shed plans are current in terms of what natural gas facilities and entities are deemed to be critical.

c. How should these critical facilities be prioritized for power delivery and restoration purposes during an energy emergency.

NRG agrees that there should be a prioritization or hierarchy for power delivery and restoration purposes during an energy emergency. There should be specific documentation laying out the priority or laying out the process for how to determine which facilities are prioritized ahead of others. The method of determining may vary by season or may only be triggered by a force majeure event. Commission Staff should look to the Railroad Commission ("RRC") of Texas's Emergency Order issued on February 12, 2021 during Winter Storm Uri for guidance.[2] While NRG does not provide specifics on how critical facilities should be prioritized and defers to those with more knowledge of gas infrastructure, NRG recommends that a process be established for communications, so that if there is a curtailment event, market participants are aware of the hierarchy.

[2] *Ibid.*

III. ADDITIONAL COMMENTS

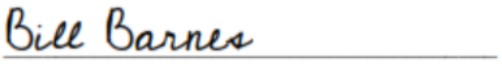
The prioritization of critical facilities for power delivery and restoration purposes during an energy emergency should also take into consideration the impact on the gas market. For example, if gas going to an LNG facility is being curtailed and the price of that gas was $4.00 per MMbtu, and that gas is now being delivered instead to a critical facility for power delivery, the price of gas should not swing to multiples of its original price. Simply put, any process to prioritize the delivery to a critical facility should not disrupt the gas market to a degree that it creates swings in prices which harm the energy market.

Finally, ERCOT implemented a process last year that requires electric generation entities to submit natural gas pipeline outages to ERCOT. This requires electric generators to play middleman and just adds to further compliance burden to operate electric generation in ERCOT which is already an extensive burden to begin with. The Commission should work with the RRC to require natural gas companies to submit their pipeline outage information directly to ERCOT. The pipeline companies know the specific power plants that provide gas to and can provide that information directly to ERCOT without an unnecessary requirement on electric generation companies.

IV. CONCLUSION

NRG appreciates the Commission's thoughtful approach to gather stakeholder feedback in implementing HB 3648 regarding critical natural gas facilities and entities. NRG looks forward to continued participation in this project.

Respectfully submitted,



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