

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Coordination between Natural Gas
and Electricity Markets**

Docket No. AD12-12-000

**Prepared Statement of Brad Bouillon
on behalf of the California Independent System Operator Corporation for
October 17, 2013 Commission Meeting**

I. Introduction

My name is Brad Bouillon. I currently serve as Director, Day-Ahead Operations and Real-Time Operations Support for the California ISO. In this position, I oversee operation of the California ISO's day-ahead market and provide support to real-time market operations on scheduling and outage coordination issues. I have nearly 25 years of experience in utility operations, and have worked with the California ISO for over 15 years. During my tenure at the ISO, I have also worked as a manager of the settlements and market quality departments. I hold a Bachelor of Science degree in accounting as well as a Master's of Business Administration in management, a Master's of Science degree in computer information systems, and an Advanced Master's Certificate in applied project management.

The ISO operates the bulk electric high-voltage transmission system that makes up approximately 80 percent of California's power grid. Approximately 60 percent of the installed capacity in the ISO's balancing authority area uses natural gas as fuel. The ISO also imports power, a portion of which is also sourced from natural gas-fired electric generating units. Natural gas-fired generating facilities

generally increase production during the higher load months of the year, and the higher load hours of the day. These resources often set the market clearing price for energy in the ISO system. The ISO actively coordinates with natural gas pipelines. This program has resulted in enhanced sharing of operational information in a manner that has promoted safety and reliability for both the electric and natural gas systems.

My comments focus on two topics: (1) an overview of ISO and gas pipeline operator coordination activities that occurred this past summer and the status of our coordination efforts with pipeline operators heading into the winter of 2013-2014; and (2) the ISO's recommendation concerning next steps in this proceeding.

II. The California ISO actively coordinated with natural gas pipelines during the summer of 2013 and is working with natural gas pipelines to ensure reliable operation of both the electric and natural gas systems during the winter of 2013-2014

During the summer of 2013, the ISO continued its efforts to enhance coordination with natural gas pipeline operators. As a result of additional discussions this summer, gas pipeline operators are now utilizing the ISO's notifications that restrict maintenance on the electric system. Gas pipeline operators have informed the ISO that, based on the location of the ISO's restricted maintenance notice, they are voluntarily restricting their work in that specific area. They will respond to ISO restricted maintenance notices by ceasing non-critical work and, in connection with critical work, contacting the ISO if they have specific questions regarding the precise location or timing of the ISO's concerns.

The ISO also now receives electronic copies of operational flow orders from PG&E, Kern River and Sempra Gas, thereby allowing the ISO to assess grid conditions during the time of a possible gas event, and take measures to ensure it can reliably operate the grid in case there is a disruption of supply to natural gas

generation in a particular area. With this information, the ISO can compare pipeline operators' operational flow orders with outages and constraints on transmission lines and at generation outages to assess whether the operational flow order could have an adverse impact on grid reliability.

Outage coordination is the topic that appears to be of greatest concern to gas pipeline operators. This past summer, the ISO successfully coordinated a number of multi-day maintenance outages to occur this fall that involve the need to conduct testing and perform maintenance on both the electric and gas infrastructure. Many of these outages are starting to occur this month.

This coordination is especially important in transmission constrained areas where there is a need to operate local generation. The ISO expects this work will continue this coming winter because the ISO uses shoulder months to schedule inspection and maintenance of transmission and generator facilities. Gas pipelines will do the same to inspect and maintain their own facilities.

On a localized level, the ISO expects that both electric and gas loads will peak in Humboldt County during this winter. Humboldt is a transmission constrained area, so ongoing coordination will be necessary to ensure sufficient fuel exists to operate gas-fired generation to support electric loads in that area. In addition, the ISO anticipates additional pipeline inspections in San Diego this fall. The absence of units 2 and 3 at San Onofre Nuclear Generating Station has increased and will likely continue to increase the use of gas-fueled generation in Southern California. This situation underscores the need for the high level of coordination for the southern California area, especially in San Diego. The ISO may need to limit transmission outages to allow for maximum import capabilities and internal San Diego area generation transmission during these times.

Finally, there appears to be an adequate supply of natural gas to support natural gas generating facilities located in the ISO's balancing authority area. The ISO did not experience any fuel related outages at natural gas generating facilities this past summer. In general, gas storage facilities within California are full because of favorable prices in natural gas markets.

III. The Commission should allow the coordination between electric transmission providers and natural gas pipelines to evolve on a regional basis

Looking beyond the coming winter, the Commission should continue to provide electric and gas system operators as much flexibility as possible to tailor their coordination activities to the specific facts they may face. In this manner, the Commission can promote coordination activities between electric transmission providers and natural gas pipelines as well as allow regions to identify and solve regional issues.

The ISO generally supports the Commission's proposed regulation in Docket RM13-17 that would (1) authorize the voluntary exchange of non-public operational information between electric transmission operators and interstate natural gas pipelines; and (2) adopt a no-conduit rule to prohibit recipients of the non-public operational information from subsequently disclosing, or being a conduit for subsequently disclosing, that information to any other entity. The proposed regulations are consistent with the ISO's approach to electric and natural gas coordination. Of importance, the regulations are permissive. If adopted, these regulations would allow entities to share information voluntarily and develop best practices to coordinate operational issues as opposed to imposing a compliance program that may only result in minimum information sharing. The ISO supports the Commission's proposed approach of identifying a non-exhaustive list of information

categories that electric transmission and gas pipeline operators may share as they work to enhance coordination activities.