

# Gas-Electric Coordination A NYC Generator's Perspective

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US Power Generating

# About USPG

- Owner/Operator of three generating facilities
  - ~765 MW Astoria Generating Station
    - 3 Units, 2 steam units, 1 gas turbine
    - Intermediate dispatch
    - Natural gas/#6 residual oil
  - ~ 500 MW Gowanus Gas Turbines
    - 32 units
    - Peaking
    - Natural gas (16 units); ULSD (all units)

# About USPG

- ~ 250 MW Narrows Gas Turbines
  - 16 units
  - Peaking
  - Natural gas/ULSD (all units)
- Total capacity ~ 1,500 MW
- 100% merchant

# Natural Gas Service

- No generator located in NYC has direct access to interstate pipeline
- Purchase of firm interstate pipeline service does not guarantee firm service inside NYC
- Two LDCs: ConEd and National Grid
  - Tariffs administered by NY PSC
  - Both tariffs provide for “power generation” service
  - Interruptible - by definition
  - Both require\* fuel oil back-up
    - \*may be waived in certain circumstances

# Firm Gas

- Doesn't exist for merchant power generation in NYC
- We have investigated the possibility of completely bypassing an LDC with an interstate pipeline.
  - Cost prohibitive
  - Would revisit with better economics PLUS reasonable opportunity for cost recovery

# Firm Gas

- Firm gas costs not reflected in ICAP demand curves
  - That means there exists no opportunity to recover firm gas costs (assuming you could get it)
  - Suggestions to apply “penalties” to generators whose gas is cut are misguided
  - Some costs components of fuel oil backup are included

# Firm Gas

- Firm gas costs cannot be included in energy bids
  - Offers cannot include “fixed” fuel costs
  - Bids cannot include balancing charges
  - Thus generators have no opportunity to recover costs of firm gas
- Unreasonable to think power generators should procure firm gas with no opportunity for cost recovery

# Communications

- USPG uses a third party fuels manager
  - Handles sourcing, shipping and nominations across LDCs
  - Consequently, USPG rarely interacts with pipelines, occasionally with LDCs
  - Also manages liquid supply



# Communications

- Concerns raised elsewhere about data confidentiality are less relevant in NYC
- USPG less concerned about NYISO knowing its gas supply situation
  - Does not understand reasoning why the NYISO thinks this would be helpful
  - However, if NYISO thinks not enough gas has been nominated, explanation needs to be provided

# Communications

- Effective communications need to be two-way
- In certain situations, generators should be provided more information
- This would only benefit consumers and overall reliability
- Example:
  - generator is committed for reliability (i.e. OOM) for a Saturday
  - Generator must buy three-day gas package (Sat-Mon)
  - Generator has no idea if it will be needed Sunday & Monday
  - Why can't the generator be told that they will/won't be needed (assuming, of course, that is known)
  - In some cases we have been told (i.e. advisory "DARUs")
  - In other cases, are told the information is confidential.
  - More info means less wasted money on unneeded fuel, lower costs, better electric & gas system reliability

# Things to think about

- Continue discussion about better coordination
  - Drill down on the pros and cons of moving NYISO's DA commitment.
  - May be other benefits to coordinating with adjacent RTOs
- Explore weekend/holiday electric schedules
  - Even if second day is not financially binding
  - Can the gas industry provide more weekend flexibility?
- Cease generator audits during compromised gas situations (i.e. system alerts, OFOs)
- What happens if burning fuel oil without backend controls becomes illegal?