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Received - 2023-01-31 01:31:55 PM
Control Number - 52373
ItemNumber - 396

PROJECT NO. 52373

REVIEW OF WHOLESALE	§	PUBLIC UTILITY COMMISSION
	§	
ELECTRIC MARKET DESIGN	§	OF TEXAS

**FIRM FUEL SUPPLY SERVICE “QUALIFYING PIPELINE” PRESENTATION ON
BEHALF OF KINDER MORGAN, INC. AND ENTERPRISE PRODUCTS**

At the request of the Electric Reliability Council of Texas, the attached presentation titled “Qualifying Pipeline” Issue and Reliability of Gas Delivery from Off-Site Storage for FFSS Phase 2, which was described by the undersigned counsel at the Open Meeting of the Public Utility Commission of Texas on January 26, 2023, is filed in this Project No. 52373.

Respectfully submitted,

LOCKE LORD LLP

By: /s/ John K. Arnold

John K. Arnold
State Bar No. 24013829
Matthew A. Arth
State Bar No. 24090806
600 Travis, Suite 2800
Houston, Texas 77002
Telephone: 713-226-1383
John.Arnold@lockelord.com



“Qualifying Pipeline” Issue and Reliability of Gas Delivery from Off-Site Storage for FFSS Phase 2

John K. Arnold
Partner | Houston
john.arnold@lockelord.com
713-226-1383

January 26, 2023

Phase 2 Firm Fuel Service

“Qualifying Pipeline” Issue

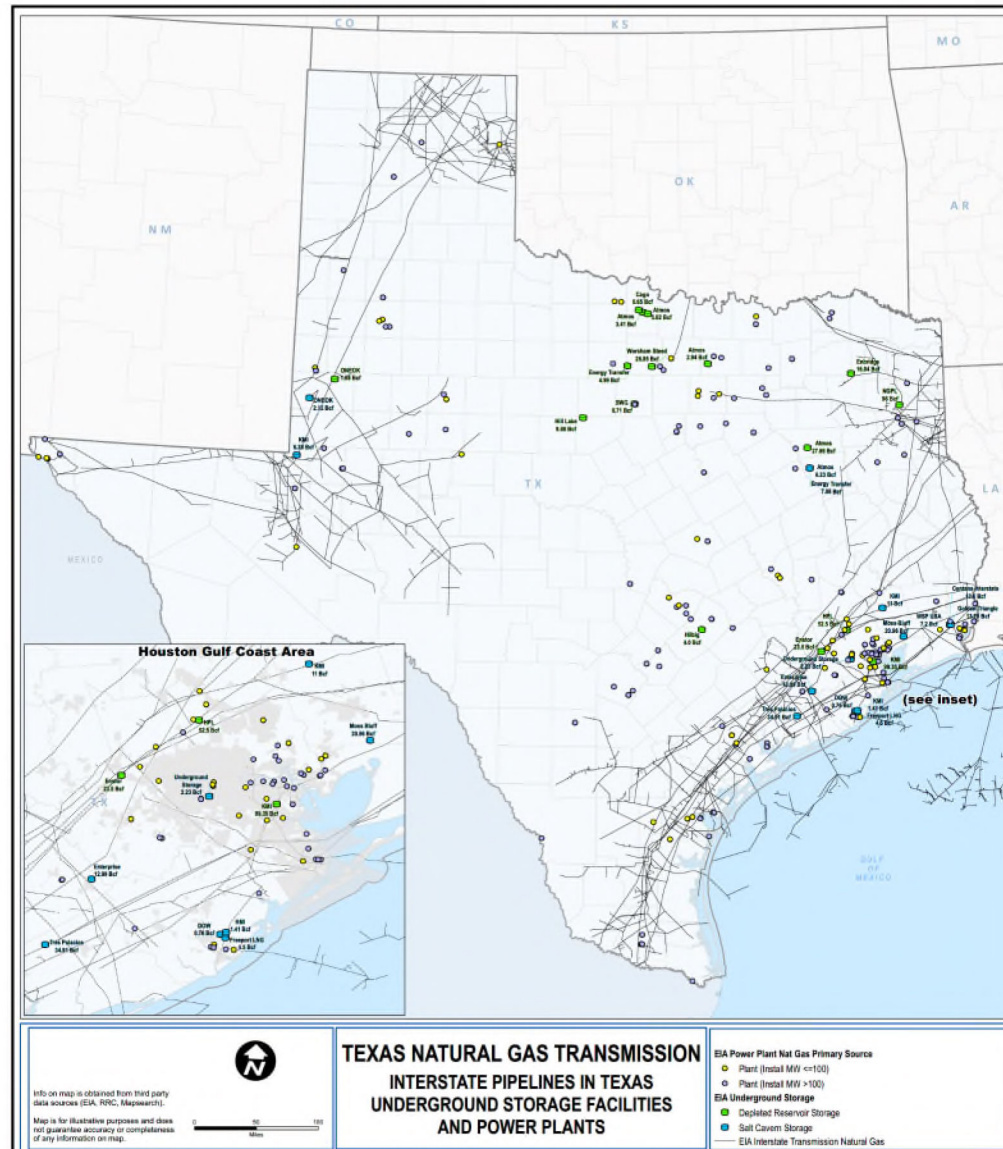
- Phase 2 Firm Fuel Service: framework for reliable gas delivery to GR by “qualifying pipeline” from off-site gas storage facility.
 - Qualifying pipeline = eligible pipeline for GR to contract firm fuel service from off-site storage in support of ancillary service offer.
- Current “Qualifying Pipeline” definition responds to concern with RRC Curtailment Rule by excluding gas utility pipelines with firm gas delivery obligations to human needs customers (“LDCs”), which are highest priority customers under the Rule.

Phase 2 Firm Fuel Service

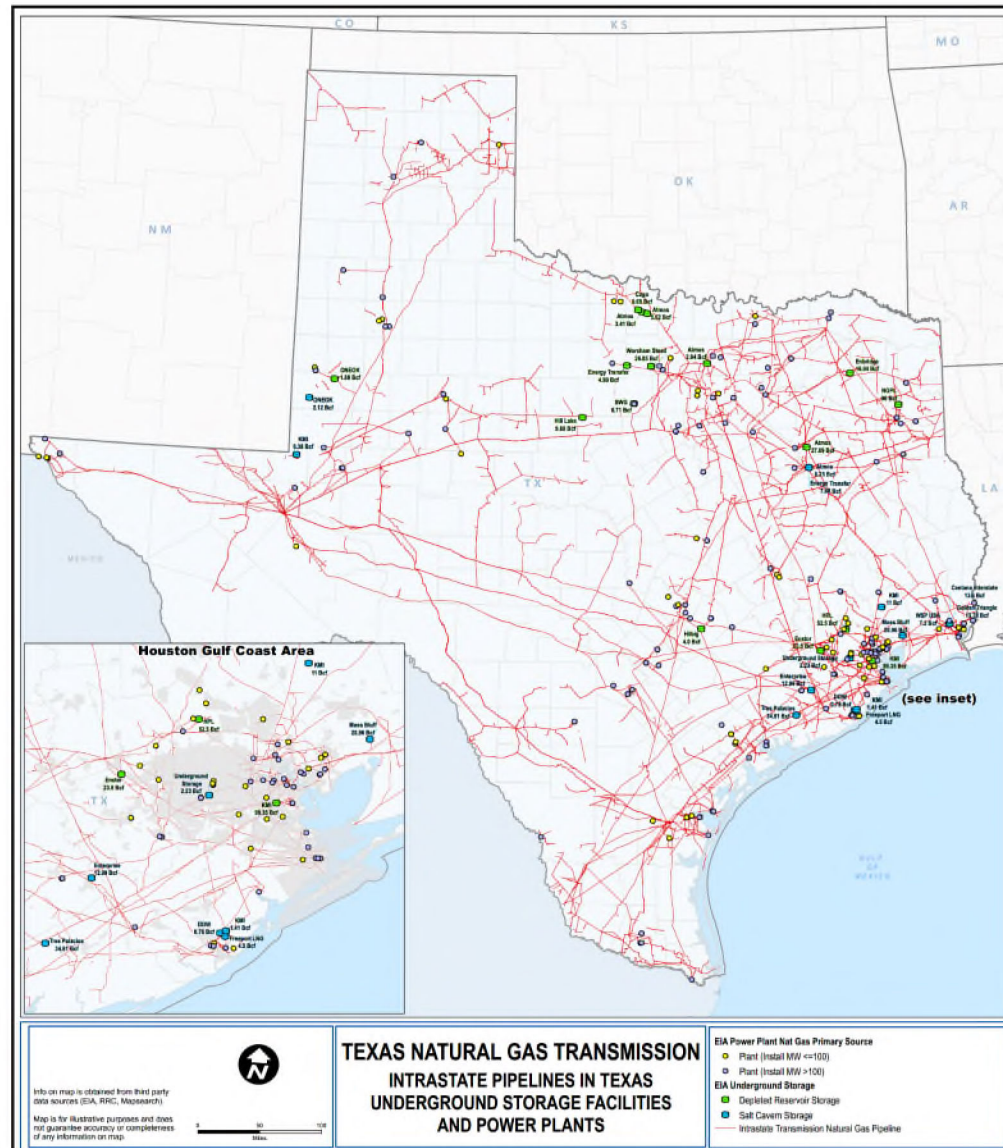
“Qualifying Pipeline” Issue

- Current definition of Qualifying Pipeline means there will be insufficient gas resources to support the Phase 2 FFSS.
 - 85% of ERCOT GRs are served by intrastate gas utility pipelines.
 - 63% of gas storage withdrawal capacity served by intrastate gas utility pipelines.
 - All significant intrastate gas utility pipelines that serve GRs also serve LDCs.
- KMI alone:
 - KMI's intrastate gas utility pipelines serve 24,000 MW of GR – approximately 43% of ERCOT's gas-fired GR capacity.
 - KMI's gas storage facilities represent 1/5 of intrastate storage capacity, and will soon be 1/4.

Interstate Pipeline Facilities Relative to GRs and Storage



Intrastate Pipeline Facilities Relative to GRs and Storage



Reliable Delivery from Storage During Winter Storm Uri

- KMI and Enterprise Products
 - Met 100% of obligations to GRs with firm storage and withdrawal rights.
 - Did not curtail gas delivery to GRs with firm storage and withdrawal rights.
 - No FM notices for delivery of gas withdrawn from storage.
 - Both companies were able to deliver gas to certain customers beyond their contractual commitments based on availability of gas in storage.

Reliable Delivery from Storage Going Forward

- Underground storage facilities and pipelines are underground and weather resistant.
- New weatherization and critical infrastructure rules of the RRC and PUC have “hardened” the above-ground facilities, like compressors.
- Key change in curtailment rule: Pipeline determines when its ability to deliver gas to firm customers is inadequate.
 - Allows pipelines not facing supply challenges to avoid curtailing firm customers like GRs.
- FFSS for off-site storage incentivizes growth of competitive options for pipeline and storage service for GRs in more areas of the state.

Q&A

Questions?

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