

M E M O R A N D U M
On the Creation of the
Gas- Electric Alignment for Reliability (GEAR)

On November 21, 2023, the NARUC Executive Committee approved a motion to permit NARUC President Julie Fedorchak, pursuant to Title I, Section 19 of the Policies and Procedures of the National Association of Regulatory Utility Commissioners, ^[1] to establish the Gas-Electric Alignment for Reliability (GEAR) working group and approved the Written Mission Statement/Charter outlined below for GEAR.

Charter/Mission Statement: Gas-Electric Alignment for Reliability (GEAR) is chartered for a period of fifteen (15) months, as of this 21st day of November 2023. GEAR is a working group that will bring together state regulators and industry representatives to develop solutions to better align the gas and electric industries to maintain and improve the reliability of the gas and electric energy systems on which our nation depends for power. GEAR intends to gather regulator and industry stakeholder feedback and recommend solutions to better harmonize communication protocols, operations and planning of the gas and electric systems and markets. Findings from the North American Energy Standards Board Gas-Electric Harmonization Forum, the Reliability Alliance Report developed by NGSAA, INGAA and EPSA, and the analyses of Storms Uri and Elliott by the Federal Energy Regulatory Commission and the North American Electric Reliability Corporation, will serve as a starting point for the working group.

Background: Over the last two decades, the U.S. electric and gas industries have undergone significant transformation driven by new technologies, replacement of aging infrastructure, environmental regulations and state and federal policy goals. New technologies for renewable electricity generation combined with the significant increase in natural gas production and correlated decrease in gas prices have transformed the electric industry and increased dependence on gas for electricity generation. As a result, the electric industry is more reliant than ever on the gas industry to fuel electricity generation. However, since the gas industry was largely designed and constructed to deliver gas for home heating and industrial processes, gas infrastructure and markets are misaligned from electric markets. The lack of coordination between these two systems poses serious reliability concerns, as demonstrated during winter storms where dependence on gas in both systems is high. In February 2021, Winter Storm Uri caused numerous outages, derates or failures to start at electric generating plants scattered across the region. The Texas grid operator (Electric Reliability Council of Texas or ERCOT) ordered a total of 20,000 MW of rolling blackouts to prevent grid collapse; this represents the largest manually controlled load shedding event in U.S. history. More than 4.5 million people in Texas lost power – some for as long as four days. Not quite two years later, during Winter Storm Elliot, unprecedented electric generation outages coincided with winter peak electricity and gas demands. As a result, several Balancing Authorities in the Eastern U.S. declared Energy Emergencies to maintain electric grid reliability, ordering firm load shed exceeding 5,000 MW during the extreme cold weather event. Future trends and technologies indicate that gas and electric system interdependence will continue to grow. To support this transition while maintaining reliability and affordability for customers, and encouraging investments and growth in both industries, reforms are needed to address the areas of friction, disconnect and failure.

Members: The working group will have six (6) members appointed by the NARUC President who will designate a chair and vice chair. President Fedorchak has appointed Georgia Commissioner **Tricia Pridemore** as the Chair, New Hampshire Commissioner **Carleton Simpson** as Vice Chair, and, as at-large members, Michigan Commissioner **Daniel Scripps**, Arizona Commissioner **Lea Márquez Peterson**, Texas Commissioner **Jimmy Glotfelty**, and Minnesota Chair **Katie Sieben**. To assist GEAR in its work, President Fedorchak will work with key industry stakeholders to identify a GEAR participant who can effectively represent the broader needs of each sector and work collaboratively on solutions. Stakeholders will include representatives from (1) a gas utility, (2) an electric utility, (3) a Regional Transmission Organization or Independent System Operator, (4) an intrastate pipeline, (5) an interstate pipeline, (6) a producer, and (7) a gas processor. GEAR leadership, working with the NARUC President, can seek representatives from other industry sectors as needed based on the problems and solutions being discussed.

GEAR Goals and Responsibilities: The goal of GEAR is to provide a venue for key regulatory and industry stakeholders to discuss and develop solutions to the reliability problems caused by the misalignment of the gas and electric industries that have resulted in significant public and financial harm and ongoing risk to citizens and businesses in recent years. GEAR members will seek solutions that balance the interests of regulatory and industry stakeholders while maintaining and enhancing the reliability and affordability of our nation's energy systems. GEAR will focus on near-term problems, largely related to real time operational challenges, and longer-term challenges related to expanding the infrastructure needed to support demand of both gas and electric utilities.

GEAR will present a status report at the November 2024 NARUC Annual Meeting and a final report of recommendations at the February 2025 NARUC Winter Policy Summit. GEAR will have monthly meetings both virtually and in-person at NARUC meetings and as needed at the discretion of the Chair. Expenses for NARUC members that are pre-authorized by the Executive Director will be reimbursed. Any activities in policy development and any resulting advocacy shall be overseen by NARUC's Executive Committee. The GEAR Chair will provide regular reports to the Executive Committee on GEAR progress and activities. GEAR's focus is anticipated to cross the jurisdiction of several NARUC Committees and cannot easily be addressed by any single existing standing Committee. To assist in generating a report with recommendations, GEAR may coordinate with NARUC and industry affiliated organizations and/or representatives.

Gear Duration: 15 Months

Staffing: Staff for GEAR will be designated by NARUC Executive Director.