

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

Grid Reliability and Resiliency Pricing) Docket No. RM18-1-000

**COMMENTS OF THE
INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA
AND COOPERATING ASSOCIATIONS**

Pursuant to the October 2, 2017, Notice Inviting Comment, issued by the Federal Energy Regulatory Commission (“Commission”) in the above-referenced docket, the Independent Petroleum Association of America (“IPAA”) and the following organizations (collectively, “Independent Producers”)¹ hereby respectfully submit the following comments on the Notice of Proposed Rulemaking (“NOPR”) in this docket. The Independent Producers urge the Commission to reject the recommendations as set forth by the Secretary of Energy in its September 28, 2017, proposal of a rule for final action by the Commission.

American Association of Petroleum Geologists
American Exploration & Production Council
Arkansas Independent Producers and Royalty Owners Association
Association of Energy Service Companies
California Independent Petroleum Association
Colorado Oil & Gas Association
Domestic Energy Producers Alliance
Idaho Petroleum Council
Illinois Oil & Gas Association
Independent Oil & Gas Association of New York
Independent Oil Producers’ Agency
Independent Oil Producers Association Tri-State

¹ Collectively, these groups represent the thousands of independent oil and natural gas explorers and producers, as well as the service and supply industries that support their efforts, that will be the most significantly affected by the actions resulting from this regulatory proposal. Independent producers drill about 90 percent of American oil and gas wells, produce 54 percent of American oil and produce 85 percent of American natural gas.

Indiana Oil & Gas Association
International Association of Drilling Contractors
Kansas Independent Oil & Gas Association
Kentucky Oil & Gas Association
Louisiana Oil & Gas Association
Michigan Oil & Gas Association
Montana Petroleum Association
National Association of Royalty Owners
New Mexico Oil & Gas Association
North Dakota Petroleum Council
Northern Montana Oil and Gas Association
Ohio Oil & Gas Association
Oklahoma Independent Petroleum Association
Oklahoma Oil and Gas Association
Panhandle Producers & Royalty Owners Association
Pennsylvania Independent Oil & Gas Association
Permian Basin Petroleum Association
Petroleum Association of Wyoming
Petroleum Equipment & Services Association
Southeastern Ohio Oil & Gas Association
Texas Alliance of Energy Producers
Texas Independent Producers and Royalty Owners Association
Utah Petroleum Association
Virginia Oil and Gas Association
West Slope Colorado Oil & Gas Association
Western Energy Alliance

I. EXECUTIVE SUMMARY

The Independent Producers urge the Commission to reject the proposal as set forth by DOE, on both policy and procedural grounds. The Independent Producers focus these comments on the reliability of natural gas for fueling electric generation, and the lack of adequate support and adequate time for informed consideration of the proposed rule.

II. BACKGROUND

On September 28, 2017, the Secretary of the Department of Energy (“DOE”) released the NOPR, directing the Commission to issue a final rule directing Regional Transmission Organizations and Independent System Operators (RTOs/ISOs) to implement new electric market pricing policies within 60 days from publication in the *Federal Register*.

III. NATURAL GAS IS A RELIABLE SOURCE FOR ELECTRIC GENERATION

The Independent Producers focus our efforts on ensuring that oil and natural gas producers have the regulatory framework in which to find and produce American energy. Numerous other intervenors in this proceeding will submit comments on the serious negative consequences of distorting the competitive electric markets the Commission has overseen during the past 20 years. The Independent Producers will look at the inherent characteristics of the upstream natural gas industry that help make natural gas a reliable and beneficial fuel for generating electricity.

The Natural Gas Council released a report in July 2017, “Natural Gas Systems: Reliable & Resilient”:

[N]atural gas production comes from diverse geographic supply areas spread across many U.S. states and Canada. This abundant and stable supply is coupled with a vast number of production wells dispersed over a wide geographic area that contributes to ensuring that overall natural gas production is rarely impacted by isolated local or regional events. In the U.S. today, there are more than a half million producing gas wells spread across 30 states. There are hundreds of natural gas producers, and even the largest U.S. producer contributes less than 5 percent to total domestic supply. In addition, this diversified supply is connected to an extensive pipeline network. (footnotes omitted)

IV. THE NOPR IS PROCEDURALLY DEFICIENT

The Independent Producers respectfully submit that the NOPR is deficient, both in its support for the dramatic market changes proposed and in the hasty schedule for consideration of the proposal. The Independent Producers, along with a number of parties, had sought an extension of the time in which to submit comments to the Commission. These requests were rejected. Regardless, the Independent Producers urge the Commission to promptly reject DOE’s proposal, as such action will be in the best interest of U.S. energy markets—electricity

markets, the energy markets that supply fuel for generation, and markets that rely on electricity for residential, commercial and industrial uses.

WHEREFORE, for the foregoing reasons, the Independent Producers respectfully request that the Commission reject the DOE NOPR.

Respectfully submitted,

INDEPENDENT PETROLEUM ASSOCIATION OF
AMERICA

/s/ Susan W. Ginsberg

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