

BEFORE THE
NATURAL GAS EMERGENCY INVESTIGATION
LEGISLATIVE TASK FORCE

FEBRUARY 2011 SEVERE COLD WEATHER INVESTIGATIONS & STATUS

July 25, 2011

NMPRC INITIATIVES:

- NMPRC Docket # 11-00039-UT (Investigation into New Mexico Gas Company's Curtailment of Gas Deliveries to New Mexico Customers).

Scope:

- ✓ identify the causes of NMGC's gas curtailments;
- ✓ determine whether the curtailments could reasonably have been avoided or mitigated;
- ✓ establish how NMGC determined and identified which customers that should be curtailed, and whether those decisions complied with NMGC's tariff on file with the Commission;
- ✓ determine the steps that can and should be taken to avoid similar curtailments from recurring in the future; and
- ✓ determine whether the procedures used to re-commence service to its customers were adequate or could be improved for the future.

Awaiting final order. Commission engaged independent evaluator (Michael Johnson) to investigate causes of gas production and processing supply failures in Texas and in New Mexico, and the resultant gas supply shortages to New Mexico utilities. Mr. Johnson's report is included in this package and is also on-line on the Commission's E-Docket system.

- NMPRC Informal Task Force Investigation Into Severe Weather Cascading Events

Mission:

- ✓ using publicly available information from all investigative initiatives (including FERC, NERC, TXPUC, TXRRC, ERCOT, etc), develop a concise summary of the severe weather cascading events (also see time line);
- ✓ using publicly available information, identify root causes and contributing factors for the failures and near-failures that occurred in New Mexico's electric and natural gas retail markets;

- ✓ identify potential measures to be considered by NMPRC-regulated utilities (PNM, EPE, SPS, NMGC, Zia Natural Gas, and Raton Natural Gas) to mitigate the impact of future severe cold weather occurrences;
- ✓ review NMPRC policies and rules and recommend rule changes to ameliorate future severe cold weather impacts; and
- ✓ review pertinent policies and rules of other New Mexico agencies and suggest mitigative actions for inclusion.

Participation or observation of the Informal Task Force activities has involved the regulated utilities, staff of the NMPRC, a representative of the AG, a representative from FERC, representatives from municipalities impacted during the cold weather event, and other interested parties. Pertinent documents are contained on the NMPRC's webpage (<http://164.64.53.200/WeatherResponse/Welcome.spx>). A "final report" will be developed after FERC issues its report in its docketed investigation.

FEDERAL AND TEXAS INITIATIVES:

➤ TEXAS RELIABILITY ENTITY, INC. (TX PUC/ERCOT/NERC):

"Texas RE's investigation has revealed that, for the most part, ERCOT's and Market Participants' conduct during the Energy Emergency Alert that occurred on February 2, 2011, was consistent with requirements set out in the Protocols and Operating Guides. Loss of scheduled generation due to freezing pipes, valves, and instrumentation, and to a lesser extent issues associated with natural gas supplies, caused a shortage of generation reserves which ultimately required ERCOT to direct firm load shed in order to restore system reliability. Although ERCOT and Market Participants took steps to prepare for the expected cold weather, the actions taken proved to be inadequate or ineffective for the prolonged freezing weather which occurred February 1-4, 2011. However, ERCOT and many generation operators implemented lessons learned from the February 2 event and prevented similar issues during the cold weather that followed on February 9-10."

- ✓ http://www.puc.state.tx.us/files/TX_RE_EEA_Protocol_Comp_Report.pdf
- ✓ <http://www.texasre.org/CPDL/Texas%20RE%20Event%20Observation%20-%20Feb%202%202011%20Winter%20Event-final.pdf> (LESSONS LEARNED)
- ✓ <http://knowledgeproblem.com/tag/ercot/>

➤ **TEXAS RAILROAD COMMISSION:**

No report yet. Preliminary indication is that cold weather created natural gas production and processing difficulties that were aggravated by cold weather effects on electric power systems supplying power to producers and processors.

➤ **FERC (Docket AD11-9-00):**

No report yet. Docket is a broader FERC investigation into bulk power system and natural gas transportation system failures in Texas during severe weather event.

➤ **US CONGRESSIONAL INVESTGATIONS:**

No conclusive results.