Out of Management Control (OMC) 
Outage Determinations for Gas Units

Paul M. Sotkiewicz, Ph.D
GESTF
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NERC GADS Guidance on “Lack of Fuel” OMC

“Lack of fuels (water from rivers or lakes, coal mines, gas lines, etc) in the cases where the operator of the unit is not in control of contracts, supply lines, or delivery of fuels. However, if the operator elected to contract for fuels where the fuel (for example, natural gas) can be interrupted so that the fuel suppliers can sell the fuels to others (part of the plant fuel cost-saving measure), then the lack of fuel is under management control and is not applicable to this case.”
Outage that Could be Considered OMC

- Generator or contracted asset manager or marketer holding FT on behalf of the generator:
  - Makes timely nomination for transportation between primary or secondary receipt and delivery point that is confirmed and has firm commodity
  - Pipeline does not deliver for whatever reason
Outages that are NOT OMC for Lack of Fuel

- Holding only IT (Interruptible Transportation) with no back-up fuel.
  - A decision could have been made to provide back-up fuel or buy FT (Firm Transportation) but this decision was not made.
- Having back-up fuel on site with either FT or IT on the pipeline.
  - It is up to the gen owner to ensure tanks are full, deliveries scheduled, etc.
  - This also includes Title V operating permit restrictions where there may be insufficient demineralized water to run water injection systems on back up fuel. The generation owner could have sized de-min water storage and on-site production to ensure the unit can remain in operation.
Outages that are NOT OMC for Lack of Fuel

• Being unable to make ratable takes when the pipeline issues an OFO (Operational Flow Order).
  – Ratable takes are standard in all gas transportation tariffs.
  – A solution available to generators is an operational balancing agreement which would allow some deviations from ratable takes, but it requires putting money up front.

• Restrictions on the operating permit (Title V and otherwise).
  – These were agreed to up front when the facility was permitted and citing these restrictions as OMC when they are known in advance and a decision was made to forego possible mitigation measures is well within management control.
A generator holding FT does not make a timely nomination but waits for the evening cycle, but at the evening cycle can only nominate its secondary receipt and delivery points because capacity was used up in the timely cycle.

- And the secondary points do not get gas all the way to the generator. This means there is now a segment of IT to get from the secondary delivery point to the generator and if gas is curtailed it is because of that last segment. The generator could have made a timely nomination or could work with marketers after the evening cycle to get the gas to where it needs to be.
Holding FT is No Guarantee of Receiving OMC for Lack of Fuel

- A generator holding FT for only part of the transportation leg on multiple pipelines.
  - They may have FT for the “last mile” but IT before that. Holding FT on the last mile is not sufficient to ensure delivery so if gas is interrupted upstream where the generator only takes IT service, the generators could have firmed up the entire way but chose not to do so.
Holding FT is No Guarantee of Receiving OMC for Lack of Fuel

• Holding FT on an LDC (behind the citygate).
  – Standard tariff provisions for LDCs mandate that human needs will always take precedence over FT to generators so that LDC FT is not really FT in the same way as it is on the interstate pipeline system. The generation owner could have chosen to install back-up fuel or connect directly to the interstate system, but chose not to.
• Calculated over the 500 peak hours of the year
  – HE 1500 to HE 1900 on non-holiday weekdays June through August (approximately 340 hours)
  – HE 800 to HE 900 and HE 1900 to HE 2000 on non-holiday weekdays January and February (approximately 160 winter hours)

• Attachment DD, Section 10(d)
  – Excludes outages deemed out of management control
  – Incentive to declare outages OMC
Current Tariff Provisions Regarding Peak Period Penalties

• Attachment DD, Section 10(e)
  – …for single-fuel, natural gas-fired units a failure to perform during the winter Peak-Hour Period shall be excused for purposes of this section if the Capacity Market Seller, or Locational UCAP Seller, as applicable, can demonstrate to the Office of the Interconnection that such failure was due to non-availability of gas to supply the unit.
  – Creates a disincentive for dual fuel firing especially if likelihood of interruption is negligible during the summer peak periods