

**13th Annual Gas and Power Institute
DEVELOPMENTS IN
FEDERAL REGULATION OF NATURAL GAS & POWER**

**COORDINATION, SECURITY &
DIVERSIFICATION**

Remarks of Jeffrey D. (Dan) Watkiss

www.mwe.com

Boston Brussels Chicago Düsseldorf Frankfurt Houston London Los Angeles Miami Milan Munich New York Orange County Paris Rome Seoul Silicon Valley Washington, D.C.
Strategic alliance with MWE China Law Offices (Shanghai)

© 2014 McDermott Will & Emery. The following legal entities are collectively referred to as "McDermott Will & Emery," "McDermott" or "the Firm": McDermott Will & Emery LLP, McDermott Will & Emery AARPI, McDermott Will & Emery Belgium LLP, McDermott Will & Emery Rechtsanwälte Steuerberater LLP, McDermott Will & Emery Studio Legale Associato and McDermott Will & Emery UK LLP. These entities coordinate their activities through service agreements. This communication may be considered attorney advertising. Previous results are not a guarantee of future outcome.

Everything Requires Power!

■ Primary Drivers:

- Information and commerce today depend completely on a reliable supply of power
- Sources of power are changing due to:
 - Innovations in natural gas exploration and production
 - Increasingly strict controls on power plant emissions of pollutants, including greenhouse gases
 - Promotion of renewables and demand response

Federal Regulatory Focus

McDermott
Will&Emery

Those drivers focus federal regulation on:

- Coordination of natural gas delivery and power plant scheduling and dispatch
- Securing energy markets from manipulation and cyber/physical/atmospheric assaults
- Implementing environmental controls through air emission standards and water use restrictions
- Policies that promote renewables and demand response

3

Why Coordination?

McDermott
Will&Emery

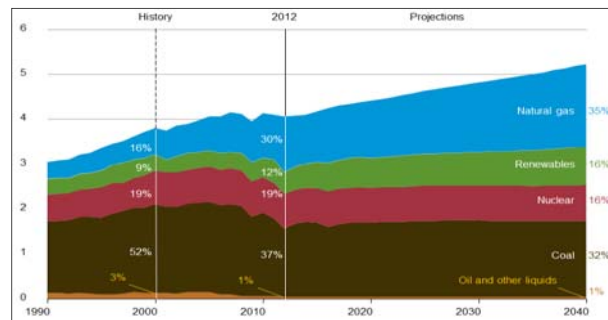
- Natural gas's share of baseload and mid-merit power generation has increased over the past decade
- That share is expected to increase to the point that it exceeds coal-fired generation by 2035 if not sooner

4

Energy Source Past & Future

McDermott
Will&Emery

Electricity Generation by Fuel in the Reference Case,
1990-2040 (trillion kilowatt hours)



Source: U.S. Energy Information Administration/Annual Energy Outlook 2014

5

What Coordination?

McDermott
Will&Emery

- Natural gas and electric operating days
- Scheduling timelines
- **GOAL** ⚡ Realign so the natural gas-fired generators know if and when they are dispatched in advance of natural gas Timely Nomination Cycle

6

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

Title search: Coordination, Security & Diversification

Also available as part of the eCourse

[Gas and Power: Texas Power Generation and Regulatory Developments, plus Federal Regulatory Updates](#)

First appeared as part of the conference materials for the
13th Annual Gas and Power Institute session
"Federal Regulatory Update"