



Imbalance charge requested by Questar Gas

1 message

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Mon, May 4, 2015 at 1:05 PM

To: Psc@utah.gov

Cc: Steven.Marler@fmc-na.com, "Turner, Brent" <Brent.Turner@bp.com>

Dear sirs,

I represent Fresenius Medical Care a manufacturer of blood filter and solutions for the treatment of Kidney failure. We use over a million decatherms of natural gas each year. I am writing to express concerns over the imbalance rate being requested by Questar. I have several concerns.

1. I get my gas from a marketer which has a large pool of customers. As part of this pool if I have an unplanned event it should be insignificant in comparison volume generated from the pool of my marketers customers. If my marketer was allowed to nominate gas for his pool he should be able to easily predict use very close and can allow for over nominations and under nominations from individual customers. If I am under 10% on a day and a similar facility is over by 10% we would both be charged a penalty under the proposed rate and Questar would not have any imbalance in their system. Charging an individual customer for a balance penalty seem to be just a general rate increase to me. An individual customer penalty is not a fair method to avoid having to store or pull gas from storage. Many problems can occur which are effectively cancelled out by having a large pool of customers which my marketer and Questar has. To our position, if an individual company experiences downtime the unused gas is insignificant in the total picture and would even help Questar if the pool of marketers under nominated. The average of the pool of customers averages out the event. Questar would only have a problem if a marketer representing a pool of customers predicts poorly or an extreme condition in which a large number of customers experience the same issue (large scale power interruption or an poorly predicted weather event). It seems unfair to issue penalties to individual customers for these events.

2. I do not understand the need for nominations at all. There are real time monitoring systems available and good statistical predictive tools available. These tools will give a very good real time determination of the amount of gas needed. I am certain that Questar is using statistical trending tools to accurately predict the amount of gas they need to deliver to their General Service customers. Using data from marketers which may or may not be doing proper trending seems to me to be just complicating the problem and asking for imbalances to occur.

3. Fresenius has been looking at the possibility of combined heat and power for my facility. This could be a cost saving for the plant and is a good thing for the environment. With a requirement to maintain within 5% tolerance with a 19 cent imbalance charge, we would be a lot more wary of a CHP project as startup and downtime issues could result in significant penalties.

4. Our use of gas can be well predicted under normal conditions. If I have an unusual event my usage of gas may suddenly drop. These downtime

events can be downtime in part of my facility, power outages, unusual weather events, and even curtailments of natural gas. In most of these conditions the plant is losing large amounts of money and to take time to calculate gas use and adjust nominations would hinder the work of adjusting to the adverse condition which would cause even greater losses than the penalties.

In summary I believe nominations is an archaic method of determining the amount of gas to bring in. Individual customers normal issues are insignificant in the pool of customers that Questar has. Charging individual customers for imbalance conditions which helped Questar is incorrect. Using a large base of pooled customers, today's real time monitoring and predictive techniques should minimize storage issues.

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