
FEDERAL ENERGY REGULATORY COMMISSION



WASHINGTON, D.C. 20426

NEWS RELEASE

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FOR IMMEDIATE RELEASE

February 22, 2006
Docket No. EM06-5-001

COMMISSION EXTENDS LIFTING OF NATURAL GAS RULES TO FURTHER HURRICANE RECOVERY EFFORTS

The Federal Energy Regulatory Commission today extended the deadline by four months – to February 28, 2007 – for the completion of construction of certain infrastructure projects pursuant to the Commission’s waiver of regulations raising blanket certificate limits. The Commission’s waiver is intended to help mitigate natural gas supply disruptions caused by Hurricanes Katrina and Rita.

The Commission said lifting certain restrictions for an extended period is intended to afford additional time for facilities that cannot be placed in service by the beginning of the 2006-2007 heating season to be completed in time to deliver more gas services during the heating season when the facilities are most needed.

“Recovery of infrastructure in the Gulf of Mexico is proceeding apace. This action should further encourage those efforts,” said Chairman Joseph T. Kelliher.

In a November 18, 2005 order, the Commission waived certain requirements and increased the cost caps for projects that may be constructed under automatic authorization provisions of Part 157, Subpart F blanket certificate regulations from \$8 million to \$16 million, and under the prior notice provisions from \$22 million to \$50 million.

In the same order, the Commission also temporarily expanded the definition of “eligible facilities” that may be constructed to include infrastructure that the regulations currently exclude: mainline facilities, extensions of a mainline; and temporary compression that raises the capacity of a main line. The cost limit waivers apply to the newly eligible facilities as long as the facilities will provide increased or alternative access to gas supply.

The current blanket certificate regulations limit construction to facilities necessary to provide service within existing certificated levels.

The Commission cited information from the U.S. Minerals Management Service (MMS) that indicates that 400 million cubic feet of natural gas production is expected to remain offline by the start of the 2006-2007 hurricane season. The Commission said its original deadline of October 31, 2006, coincided with the beginning of the 2006-2007 heating season. On further reflection and in light of the MMS information, the Commission noted the extension to February 28, 2007, will help ease construction of additional infrastructure that would provide more access to gas services before the heating season ends.

R-06-16

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