

154 FERC ¶ 61,207
DEPARTMENT OF ENERGY
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR Part 284

[Docket No. RM96-1-039; Order No. 587-X]

Standards for Business Practices of Interstate Natural Gas Pipelines

(Issued March 17, 2016)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Order No. 587-X; order on rehearing.

SUMMARY: In Order No. 587-W, the Federal Energy Regulatory Commission (Commission) amended its regulations to incorporate by reference the latest version (Version 3.0) of seven business practice standards applicable to interstate natural gas pipelines adopted by the Wholesale Gas Quadrant of the North American Energy Standards Board. Among other matters in that order, the Commission revised the information filed in interstate natural gas pipelines' Index of Customers to reflect the use of the pipelines' proprietary point codes, and made conforming changes in other posting regulations. In this order, the Commission grants rehearing and corrects its regulation regarding the use of point codes in postings of interruptible transportation.

EFFECTIVE DATE: Changes to regulatory text will become effective [insert date 30 days after publication in the **Federal Register**].

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SUPPLEMENTARY INFORMATION:

154 FERC ¶ 61,207
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Cheryl A. LaFleur, Tony Clark,
and Colette D. Honorable.

Standards for Business Practices of
Interstate Natural Gas Pipelines

Docket No. RM96-1-039

ORDER GRANTING REHEARING

ORDER NO. 587-X

(Issued March 17, 2016)

1. In this order, in response to requests for rehearing by the Interstate Natural Gas Association of America (INGAA) and Southern Star Central Gas Pipeline, Inc. (Southern Star), the Commission grants rehearing of Order No. 587-W, the Commission's Final Rule issued in this proceeding on October 16, 2015,¹ and revises section 284.13(b)(2)(iv) of the Commission's regulations regarding the posting of receipt and delivery points for interruptible transportation.

I. Background

2. In Order No. 587-W, the Commission amended its regulations to incorporate by reference the latest version (Version 3.0) of seven business practice standards applicable

¹ *Standards for Business Practices of Interstate Natural Gas Pipelines; Coordination of the Scheduling Process of Interstate Natural Gas Pipelines and Public Utilities*, Order No. 587-W, 80 FR 67302 (Nov. 2, 2015), FERC Stats. & Regs. ¶ 31,373 (2015).

to interstate natural gas pipelines adopted by the Wholesale Gas Quadrant (WGQ) of the North American Energy Standards Board (NAESB). As relevant here, the Version 3.0 standards revised the codes used to identify receipt and delivery locations in the Index of Customers. Prior to Version 3.0, the postings required the pipelines to use an industry common code to refer to individual receipt and delivery points. Version 3.0 revised this requirement to require the pipelines to use their own proprietary point codes for receipt and delivery points and to post additional information about these points on the pipelines' internet web sites.² Due to the adoption of proprietary point codes, the Commission revised its regulations at 18 CFR 157.14, 157.18, 260.8, and 284.13 to refer to the same proprietary location point names as used in the NAESB WGQ Version 3.0 Standards.

3. In comments on the Notice of Proposed Rulemaking (NOPR), Southern Star and INGAA pointed out that the Commission in the NOPR had failed to make conforming changes to certain regulations, including, as relevant here, the regulations requiring posting of interruptible transportation at 18 CFR 284.13(b)(2)(iv). Based on the regulatory text proposed by Southern Star, the Commission revised this regulation to require pipelines to post: “[t]he receipt and delivery points and the zones or segments

² 18 CFR 284.13(f), as added in Order No. 587-W, states: Location codes. An interstate pipeline must maintain a posting on its publicly available Internet Web site of the pipeline's location names and codes for all current and inactive receipt and delivery points on its system, including, for each point: Direction of flow, the location of the point, the location zone if such exists, the Commission company identification code (CID), if any, of the upstream and/or downstream entity, the location type, the current status as active and inactive, and the date(s) the point becomes active or inactive. The pipeline must provide the information in downloadable file formats, in conformity with the requirements of 18 CFR 284.12 of this chapter.

covered by the contract, including the location name and code adopted by the pipeline in conformance with paragraph (f) of this section for each point, zone or segment.”

(Emphasis added.)

4. After the issuance of Order No. 587-W, both Southern Star and INGAA filed separate requests for rehearing, challenging the inclusion of the phrase “covered by the contract” in the regulation. They argue that the regulatory text adopted for posting of interruptible transportation promulgated in 18 CFR 284.13(b)(2)(iv) did not correctly reflect the Commission’s determination in Order No. 637-A that the postings for interruptible transportation should not refer to points covered by the contract, but rather to the points over which the shipper is permitted to transport natural gas.³ INGAA contends the Commission rejected that contract-covered language in Order No. 637, because that language implied that receipt or delivery points should be those in the *pro forma* or master contracts, rather than the points in the subsequent agreement to provide interruptible service.

II. Discussion

5. We grant rehearing, concluding that the language we adopted in Order No. 587-W incorrectly includes the “covered by the contract” language that does not reflect how

³ *Regulation of Short-Term Natural Gas Transportation Services and Regulations of Interstate Natural Gas Transportation Services*, Order No. 637. FERC Stats. & Regs. ¶ 31,091, *clarified*, Order No. 637-A, FERC Stats. & Regs. ¶ 31,099, *reh’g denied*, Order No. 637-B, 92 FERC ¶ 61,062 (2000), *aff’d in part and remanded in part sub nom. Interstate Natural Gas Ass’n of America v. FERC*, 285 F.3d 18 (D.C. Cir. 2002), *order on remand*, 101 FERC ¶ 61,127 (2002), *order on reh’g*, 106 FERC ¶ 61,088 (2004), *aff’d sub nom. American Gas Ass’n v. FERC*, 428 F.3d 255 (D.C. Cir. 2005).

pipelines arrange for and schedule interruptible service. In Order No. 637-A, the Commission recognized that shippers obtaining interruptible service frequently execute *pro forma* master contracts for interruptible service, but do not specify the price or the receipt and delivery points until nominations are made. The Commission, therefore, removed the requirement to post the receipt and delivery points “covered by the contract” from the posting requirements, so that pipelines will post the actual points used for transporting natural gas:

This language [covered by the contract] implies that the receipt or delivery points should be those in the master contract, rather than the points in the subsequent agreement to provide interruptible service. Section 284.13(b)(2)(iv) will be revised to require the posting of the receipt and delivery points over which the shipper is entitled to transport gas at the rate charged to make clear that the pipeline should post the receipt and delivery points in each individual agreement to provide interruptible service, not simply the receipt and delivery points in the master contract.⁴

6. Accordingly, we will grant rehearing and revise the regulatory text to require pipelines to post the receipt and delivery points between which the shipper is entitled to transport gas at the rate charged, including the location name and code adopted by the pipeline in conformance with paragraph (f) of the section for each point, zone, or segment.

7. The Paperwork Reduction Act (PRA) provides that an agency may not conduct or sponsor the collection of information unless the agency has published an estimate of the

⁴ Order No. 637-A, FERC Stats. & Regs. ¶ 31,099 at 31,619-20.

burden that shall result from the information collection in advance of adopting or revising such collection. Agency rules that require information collection are subject to review and approval by the Office of Management and Budget (OMB), in accordance with the requirements of the PRA. The reporting requirements imposed in Order No. 587-W (Docket No. RM96-1-038) were submitted to and approved (on December 9, 2015) by OMB.⁵ The revisions made in this Order merely clarify those reporting requirements and are not expected to modify the burden estimates. This Order will be submitted to OMB for information only.

List of subjects in 18 CFR Part 284

Incorporation by reference, Natural gas, Reporting and recordkeeping requirements.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁵ FERC-545 (Gas Pipeline Rates: Rate Change (Non-Formal)) is covered under OMB Control No. 1902-0154, and FERC-549C (Standards for Business Practices of Interstate Natural Gas Pipelines) is covered under 1902-0174.

In consideration of the foregoing, the Commission amends part 284, chapter I, title 18, Code of Federal Regulations, as follows:

PART 284 -- CERTAIN SALES AND TRANSPORTATION OF NATURAL GAS UNDER THE NATURAL GAS POLICY ACT OF 1978 AND RELATED AUTHORITIES

1. The authority citation for part 284 continues to read as follows:
2. Authority: 15 U.S.C. 717-717z, 3301-3432; 42 U.S.C. 7101-7352; 43 U.S.C. 1331-1356.
3. Section 284.13 is amended by revising paragraph (b)(2)(iv) to read as follows:

§ 284.13 Reporting requirements for interstate pipelines.

* * * * *

(b) * * *

(2) * * *

(iv) The receipt and delivery points between which the shipper is entitled to transport gas at the rate charged, including the location name and code adopted by the pipeline in conformance with paragraph (f) of this section for each point, zone, or segment;

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