133 FERC ¶ 61,100
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 29, 2010

In Reply Refer To:
El Paso Natural Gas Company
Docket Nos. RP10-1195-000
RP10-1195-001

Mojave Pipeline Company, L.L.C.
Docket No. RP10-1197-000
(not consolidated)

El Paso Natural Gas Company
Mojave Pipeline Company, L.L.C.
P.O. Box 1087
Colorado Springs, CO 80944

Attention: Susan C. Stires, Director, Regulatory Affairs

Reference: Order No. 587-U Compliance

Dear Ms. Stires:

1. On September 1, 2010, El Paso Natural Gas Company (El Paso) filed revised tariff sections to comply with Order No. 587-U.[1] On September 17, 2010, El Paso submitted an errata filing that revised its September 1, 2010 tariff filing.[2] Also on September 1, 2010, Mojave Pipeline Company, LLC (Mojave) filed revised tariff sections to comply with Order No. 587-U. El Paso and Mojave both seek effective dates of November 1,

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[1] *Standards for Business Practices for Interstate Natural Gas Pipelines*, Order No. 587-U, FERC Stats. & Regs. ¶ 31,307 (2010) (Order No. 587-U).

[2] Specifically, El Paso submitted substitute Part 4, Section 6, Version 1.1.0 to its FERC Gas Tariff to amend and replace the same section filed in its September 1, 2010 compliance filing.

2010, for their proposed tariff sections. For the reasons discussed below, El Paso's and Mojave's revised tariff sections are accepted, effective November 1, 2010, subject to conditions.[3]

2. In Order No. 587-U, the Commission incorporated by reference Version 1.9 of the North American Energy Standards Board (NAESB) Wholesale Gas Quadrant's (WGQ) standards into its regulations.[4] The Version 1.9 standards include, among other things, new and modified standards governing index-based capacity release and flexible delivery and receipt points, as well as standards adopted in response to Order Nos. 698, 712, 717, and 682.[5]

3. Pertinent to the issue raised by El Paso's and Mojave's filings, the Version 1.9 standards also require pipelines to support the ability of shippers to redirect scheduled quantities to other receipt points upstream or delivery points downstream of a constraint point without a requirement that the quantities be rescheduled. Specifically, NAESB WGQ Version 1.9 Standard 1.3.80 (Standard 1.3.80) states:

> To the extent the Transportation Service Provider's (TSP) other scheduling requirements are met, a TSP should support the ability of a Service Requester to redirect scheduled quantities to other receipt points upstream of a constraint point or delivery points downstream of a constraint point at any of the TSP's subsequent nomination cycle(s) for the

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[3] The tariff section replaced by El Paso's errata filing is rejected as moot. A description of El Paso's accepted and rejected tariff sections is set forth in Appendix 1. A description of Mojave's accepted tariff sections is set forth in Appendix 2.

[4] Order No. 587-U, FERC Stats. & Regs. ¶ 31,307 at P 1.

[5] *Standards for Business Practices for Interstate Natural Gas Pipelines*, Order No. 698, FERC Stats. & Regs. ¶ 31,251 (2007), *order on clarification and reh'g*, Order No. 698-A, 121 FERC ¶ 61,264 (2007); *Promotion of a More Efficient Capacity Release Market*, Order No. 712, FERC Stats. & Regs. ¶ 31,271 (2008), *order on reh'g*, Order No. 712-A, FERC Stats. & Regs. ¶ 31,284 (2008), *order on reh'g*, Order No. 712-B, 127 FERC ¶ 61,051 (2009); *Standards of Conduct for Transmission Providers*, Order No. 717, FERC Stats. & Regs. ¶ 31,280 (2008), *order on reh'g and clarification*, Order No. 717-A, FERC Stats. & Regs. ¶ 31,297 (2009), *order on reh'g*, Order No. 717-B, 129 FERC ¶ 61,123 (2009); *Revision of Regulations to Require Reporting of Damage to Natural Gas Pipelines Facilities*, Order No. 682, FERC Stats. & Regs. ¶ 31,227 (2006), *order denying reh'g*, Order No. 682-A, 118 FERC ¶ 61,188 (2007).

> subject gas day, at least under the same contract, without a requirement that the quantities be rescheduled through the point of constraint.[6]

4. Both El Paso and Mojave proposed a number of tariff revisions to incorporate NAESB WGQ Version 1.9 Standards. Only those proposed revisions relevant to the discussion below are summarized here.

5. In its initial filing, El Paso proposes to modify the flow day diversion provisions in its tariff to meet the requirements of Standard 1.3.80. El Paso states that under General Terms and Conditions Section 4.6.5 of its current tariff, shippers are provided with the opportunity to divert previously scheduled quantities from one delivery point to another delivery point outside the normal scheduling cycle while retaining the same receipt point. El Paso refers to this current service option as the flow day diversion process. The flow day diversion process is available only to firm shippers moving gas pursuant to Rate Schedules FT-1, FTH-V, FT-H, NNTD and/or NNTH; interruptible shippers are not eligible for this service.

6. In light of the incorporation of Standard 1.3.80, El Paso proposes to update its flow day diversion provisions to provide additional "redirect" flexibility at receipt points and to distinguish between the proposed flow day diversions at receipt points and the currently effective flow day diversions at delivery points. Also in its initial filing, El Paso proposed to clarify that a flow day diversion applicable to delivery points *may* have the effect of bumping a shipper moving gas under Rate Schedule IT-1 or Rate Schedule IHSW. In its September 17, 2010 errata filing, El Paso determined that it should not have made this change and therefore submitted revised tariff records restoring the provision that currently exists in its tariff. Under this language, a flow day diversion applicable to delivery points *shall not* have the effect of bumping a shipper moving gas under Rate Schedule IT-1 or Rate Schedule IHSW.

7. In its filing, Mojave also proposes to modify its flow day diversion provisions (which are similar to El Paso's) to meet the requirements of Standard 1.3.80. Mojave explains that under its proposed flow day diversion provisions (proposed Section 6.4 of its tariff), firm shippers will have the opportunity to divert previously scheduled quantities outside the normal scheduling cycle in the following cases: 1) diversion from one delivery point to another delivery point while retaining the same receipt point, and 2) diversion from one receipt point to another receipt point while retaining the same delivery point. The flow day diversion process is available only to firm shippers moving gas pursuant to Rate Schedules FT-1; interruptible shippers are not eligible for this service.

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[6] NAESB WGQ Version 1.9 Standard 1.3.80.

8. Public notice of El Paso's initial filing was issued on September 2, 2010, and public notice of its errata filing was issued on September 20, 2010. Public notice of Mojave's filing was issued on September 2, 2010. Interventions and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2010), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties.

9. On September 29, 2010, Golden Spread Electric Cooperative, Inc. (Golden Spread) filed a motion to intervene and comments in response to El Paso's filings. No comments were filed in response to Mojave's filing.

10. Golden Spread's comments are limited to El Paso's implementation of Standard 1.3.80. Golden Spread states that Standard 1.3.80 is applicable to all shippers, firm as well as interruptible,[7] and that nothing in Standard 1.3.80 limits flow day diversion rights to firm shippers. Golden Spread states that it understands that the incorporation of interruptible transactions within the existing flow day diversion tariff structure, which El Paso has used as the basis for its compliance with Standard 1.3.80, would require significant computer programming and expense. Accordingly, Golden Spread requests that the Commission accept El Paso's filing, based on the condition that El Paso extend Standard 1.3.80 flow day diversion rights to interruptible shippers within a reasonable period of time if it is requested to do so in the future.

11. On October 15, 2010, El Paso filed an answer to Golden Spread's comments. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2010), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept El Paso's answer because it has provided information that assisted us in our decision-making process.

12. In its answer, El Paso confirms that its implementation of Standard 1.3.80 does not contemplate application of the flow day diversion mechanism to interruptible shippers. El Paso explains that this application can be traced back to its Order No. 636 compliance proceeding, in which the Commission denied a request to make flow day diversions available to interruptible shippers, reasoning that an interruptible shipper allowed to divert deliveries could bump a lower-priority, confirmed interruptible shipper at a

[7] El Paso's tariff offers interruptible transportation and wheeling services under Rate Schedules IT-1 and IHSW, respectively.

delivery point that was not a primary delivery point in the diverting shipper's service agreement.[8] El Paso states that it is because of this precedent that it has not historically offered flow day diversions for interruptible services.

13. El Paso states that if the Commission determines that Standard 1.3.80 applies to both firm and interruptible services, the Commission should clarify that the implementation of a flow day diversion process for interruptible shippers is not intended to change the scheduling priorities described in El Paso's tariff. El Paso states that currently, interruptible shippers can be bumped by firm shippers until the fourth nomination cycle for the Gas Day. If the Commission requires El Paso to allow interruptible shippers to flow day divert previously scheduled quantities prior to the fourth nomination cycle, El Paso urges the Commission to affirm that these scheduled quantities remain subject to the bumping rules set out in El Paso's tariff. El Paso states that Order No. 587-U should not be interpreted to effectuate a change to scheduling priorities through a constraint.

14. Additionally, El Paso argues that, if the Commission requires El Paso to update its flow day diversion process to make it available to interruptible shippers and clarifies that doing so will preserve existing scheduling priorities, the Commission should grant it a nine-month extension of time beyond the current November 1, 2010 implementation date to begin offering flow day diversion capabilities to interruptible shippers. El Paso states that this extension of time is needed to develop and fully test this capability on El Paso's electronic transportation system.

15. The Commission accepts El Paso's and Mojave's proposed tariff sections, subject to conditions, as discussed below.

16. The only aspect of El Paso's and Mojave's compliance filing that is at issue here is the extent to which their flow day diversion provisions are consistent with Standard 1.3.80. Specifically, El Paso's compliance filing raises the issue whether Standard 1.3.80 requires pipelines to offer flow day diversion rights to all shippers, including interruptible shippers. Nothing in the language of Standard 1.3.80 suggests that only firm shippers are eligible to divert schedule quantities that have already passed through a constraint. We therefore will require El Paso to submit revised tariff sections extending flow day diversion rights to interruptible as well as firm shippers.

17. Additionally, we grant El Paso's requested clarification that flow day diversions by interruptible shippers prior to the fourth nomination cycle remain subject to existing scheduling priorities. Standard 1.3.80 contemplates pipelines offering diversions only "[t]o the extent the [pipeline's] other scheduling requirements are met." These

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[8] *El Paso Natural Gas Co.*, 63 FERC ¶ 61,138 (1993).

scheduling requirements include existing scheduling priorities and bumping rules. Accordingly, we find that under Standard 1.3.80, flow day diversions by interruptible shippers are subject to the existing scheduling priorities on El Paso's system, and, therefore, the bumping requirements of El Paso's tariff will continue to apply to interruptible shippers seeking to redirect gas flow.[9] Additionally, for good cause shown, we grant El Paso's request for a nine-month extension of time, until August 1, 2011, to complete the reprogramming necessary to provide diversion opportunities for interruptible shippers.

18. In reviewing Mojave's Order No. 587-U compliance filing, we noticed that it also would limit flow day diversion rights to firm shippers. Accordingly, we will impose the same requirement on Mojave, i.e., to submit revised tariff sections extending flow day diversion rights to interruptible as well as firm shippers. To the extent Mojave will require additional time for programming and testing its electronic transportation system, Mojave may make a filing requesting an extension of time.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

[9] For example, an interruptible shipper can be bumped by a firm shipper rescheduling gas past the point of constraint.

Appendix 1

El Paso Natural Gas Company
EPNG Tariffs, FERC NGA Gas Tariff

Tariff Sections Accepted, Subject to Conditions
Effective November 1, 2010

Gen. Terms and Conditions, Definitions, 1.0.0
Gen. Terms and Conditions, Nominations and Scheduling Procedures, 1.1.0
Gen. Terms and Conditions, Operating Provisions, 1.0.0
Gen. Terms and Conditions, Capacity Release Program, 1.0.0
Gen. Terms and Conditions, System Operational Parameters, 1.0.0
Gen. Terms and Conditions, Electronic Bulletin Board, 1.0.0
Gen. Terms and Conditions, Article 11.2 Provisions, 1.0.0

Rejected Tariff Sections

Gen. Terms and Conditions, Nominations and Scheduling Procedures, 1.0.0

Appendix 2

Mojave Pipeline Company, LLC
Mojave Tariff, FERC NGA Gas Tariff

Tariff Sections Accepted, Subject to Conditions
Effective November 1, 2010

Part III: Rate Schedules, Section 1 - Rate Schedule FT-1, 2.0.0
Part IV: GT&C, Section 1 - Definitions, 2.0.0
Part IV: GT&C, Section 6 - Nominations and Scheduling Procedures, 2.0.0
Part IV: GT&C, Section 9 - Capacity Release Program, 2.0.0