

134 FERC ¶ 61,025
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 14, 2011

In Reply Refer To:
Pine Prairie Energy Center, LLC
Docket No. RP11-1625-000

Pine Prairie Energy Center, LLC
Dewey & LeBoeuf LLP
1101 New York Avenue, NW
Washington, DC 20005

Attention: James F. Bowe, Jr.
Attorney of Pine Prairie Energy Center, LLC

Reference: PPEC NYMEX Pooling and Imbalance Service

Ladies and Gentlemen:

1. On December 17, 2010, Pine Prairie Energy Center, LLC (Pine Prairie), filed revised tariff records¹ to implement a new pooling and imbalance service under Rate Schedule PNPIS (PPEC NYMEX pooling and imbalance service). Pine Prairie proposes the service to be available at the Pine Prairie Energy Center to parties trading certain natural gas futures contracts on the New York Mercantile Exchange (NYMEX). For the reasons set forth below, we accept Pine Prairie's revised tariff records to become effective January 16, 2011, as proposed.

2. Pine Prairie is a jurisdictional storage facility in Louisiana that interconnects with eight interstate pipelines, and offers storage and hub services under market-based rates. Pine Prairie explains that it recently entered into an agreement with NYMEX whereby it will establish a PPEC NYMEX pool at the Pine Prairie Energy Center to be designated as a delivery point for certain natural gas futures contracts traded on the NYMEX exchange (PPEC NYMEX contracts). To facilitate the trading of these natural gas futures contracts, Pine Prairie seeks authorization to add a new interruptible pooling and imbalance service to its tariff. It proposes to designate the new service as PPEC NYMEX Pooling and Imbalance Service and operate the service under Rate Schedule PNPIS.

¹ See Appendix.

Under its proposal, any party that trades PPEC NYMEX contracts on the NYMEX exchange would be required to enter into an agreement with Pine Prairie for service under Rate Schedule PNPIS.

3. Pine Prairie explains that its proposed service under Rate Schedule PNPIS includes three components. First, Pine Prairie would provide the parking of gas for buyers of PPEC NYMEX contracts that fail to take delivery of gas they have purchased. Second, Pine Prairie would provide the loaning of gas for sellers of PPEC NYMEX contracts that fail to deliver gas they have sold. Further, Pine Prairie would provide title transfer so that title will be vested in buyers before Pine Prairie performs any services involving gas going to physical delivery. Under its proposal, the parking and loaning period of gas under Rate Schedule PNPIS would be fixed at three days. Pine Prairie states that at the expiration of the three-day period, Pine Prairie would sell any remaining parked quantities at auction and will credit the net proceeds to the customer, or purchase gas at auction at the customer's expense to replace any loaned quantities not repaid, in accordance with its tariff provisions.

4. Pine Prairie proposes the rate for parking and loaning of gas under Rate Schedule PNPIS to be equal to the highest "common" daily index price published in the *Platts Gas Daily* "Daily Price Survey." Pine Prairie states it would charge this rate as an injection charge for gas parked, or as a withdrawal fee for gas loaned. Pine Prairie does not propose any parking or loaning inventory charges, fuel retention charges, or fees for withdrawal of parked gas or injection of loan gas repayments. Pine Prairie asserts the rate it proposes for service under Rate Schedule PNPIS is consistent with its authorization to charge market-based rates.

5. Pine Prairie further states that its proposed service would only serve as a last resort for parties trading PPEC NYMEX contracts. It contends that the buyers and sellers, as customers of Pine Prairie, would still have available the full menu of Pine Prairie's other services, including firm and interruptible storage and wheeling. They would also have access to the eight other interstate pipelines with which Pine Prairie interconnects. Pine Prairie anticipates that the parking and loaning features of the proposed Rate Schedule PNPIS would rarely, if ever, be used, and that the service is intended to be only a backstop service to ensure the proper functioning of the trading of PPEC NYMEX contracts.

6. Further, Pine Prairie does not anticipate that establishment of a market for PPEC NYMEX contracts at the Pine Prairie Energy Center would have any adverse effects on its existing shippers. It contends that existing shippers would benefit from the opportunity to trade gas futures contracts in conjunction with their existing agreements for Pine Prairie Energy Center services. It adds that trading of natural gas contracts will

improve natural gas price transparency and liquidity, and its proposal is consistent with the Commission's regulations encouraging the development of market centers, citing section 284.7(b)(3) of the Commission's regulations.

7. Public notice of the filing was issued on December 20, 2010. Interventions and protests were due on or before December 29, 2010, as provided in section 154.210 of the Commission's regulations.² Pursuant to Rule 214,³ all timely filed motions to intervene and any motion 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 the proceeding or place additional burdens on existing parties. No party filed a protest or adverse comments. NYMEX filed comments in support of Pine Prairie's proposal.

8. Pine Prairie's proposal would benefit shippers by providing them with new service options. Service under Rate Schedule PNPIS would only be available to those customers that voluntarily choose to trade PPEC NYMEX contracts, and would not adversely affect existing shippers or services. For these reasons, we accept Pine Prairie's proposal.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

cc: All Parties

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² 18 C.F.R. § 154.210 (2010).

³ 18 C.F.R. § 385.214 (2010).

Appendix

Pine Prairie Energy Center, LLC
Pine Prairie Energy Center, LLC, FERC Gas Tariff, First Revised Volume No. 1
FERC NGA Gas Tariff
Tariff Records to Become Effective January 16, 2011

Cover Page, Pine Prairie Energy Center, LLC - FERC Gas Tariff, 1.0.0
Table of Contents, 1.0 Table of Contents, 1.0.0
Preliminary Statement, 2.0 Preliminary Statement, 1.0.0
Rate Statements, 4.0 Rate Statements, 1.0.0
Rate Statements, 4.10 PNPIS Rate Statement, 0.0.0
Rate Schedules, 5.0 Rate Schedules, 1.0.0
Rate Schedules, 5.10 PNPIS Rate Schedule - PPEC NYMEX Pooling and Imb.
Serv., 0.0.0
GT&C, 6.1 Introductory Statement, 1.0.0
GT&C, 6.2 Definitions, 1.0.0
GT&C, 6.3 Request for Service, 1.0.0
GT&C, 6.5 Priority, Interruption of Service and OFOs, 1.0.0
GT&C, 6.12 Title and Risk of Loss, 1.0.0
GT&C, 6.20 Gas Title Transfers, 1.0.0
GT&C, 6.31 Creditworthiness - Financial Assurances, 1.0.0
Service Agreement Forms, 7.0 Forms of Service Agreements, 1.0.0
Service Agreement Forms, 7.9 PPEC NYMEX Pooling and Imbalance Service
Agreement, 0.0.0