



Federal Energy Regulatory Commission
November 20, 2008
Open Commission Meeting
Staff Presentation
Item G-1

"Good morning Chairman Kelliher and Commissioners. G-1 is a draft Final Rule implementing the Commission's authority under section 23 of the Natural Gas Act (NGA) as that section was added by the Energy Policy Act of 2005. The rule facilitates transparency in markets for the sale and transportation of natural gas in interstate commerce by requiring major non-interstate pipelines to post scheduling data on publicly-accessible Internet websites. Interstate pipelines will be required to post data regarding no-notice service in addition to the scheduling data that they already post.

The draft order reflects substantial public participation in this proceeding, including: two Notices of Proposed Rulemakings (NOPR); a technical conference; and 74 written comments. In light of these comments, the proposed rule adopts a number of significant changes from the proposals set forth in the most recent NOPR.

By way of background, information currently provided by interstate pipelines presents an incomplete picture of the daily supply and demand fundamentals that underlie U.S. natural gas markets. There is little public information about transportation availability and volumes scheduled on major systems outside of the grid traditionally regulated by the Commission. Interstate and major non-interstate pipeline infrastructure, however, is functionally interconnected. The lack of scheduling information on non-interstate pipelines means that there is limited transparency on large portions of the U.S. pipeline system.

The proposed rule applies to two types of entities: major non-interstate pipelines and interstate pipelines. The draft regulations define major non-interstate pipelines as pipelines that are not natural gas companies under the NGA and that deliver more than 50 million MMBtu per year of natural gas measured in average deliveries over the previous three years. Major non-interstate pipelines must post daily scheduled flow information for each receipt and delivery point with a design capacity of 15,000 MMBtu per day or greater.

The Final Rule does not require posting of actual flows or posting by segments, two types of postings contemplated by the more recent NOPR. This will substantially reduce compliance costs for companies, while achieving the transparency goals articulated in the NOPR. The Final Rule also exempts from posting three types of entities that could otherwise fall under the definition of "major non-interstate pipeline": pipelines that lie entirely upstream of a processing, treatment, or dehydration plant; pipelines that deliver more than 95 percent of their volumes to retail customers; and storage providers.

Regarding interstate pipelines, the rule requires them to post information regarding volumes of no-notice service flows. These postings will provide a more accurate picture of peak day flows at receipt and delivery points.

Interstate pipelines must comply with the new posting requirement no later than 60 days following publication of the order in the Federal Register. Major non-interstate pipelines must comply with these new regulations no later than 150 days following publication.

This concludes staff's presentation. We would be happy to answer any questions."