

133 FERC ¶ 61,185
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
John R. Norris, and Cheryl A. LaFleur.

Standards for Business Practices of Interstate Natural Gas Pipelines	Docket Nos. RM96-1-030 RM96-1-036
Iroquois Gas Transmission System, L.P.	RP10-1232-000
Energy West Development, Inc.	RP10-1267-000 RP10-1267-001
Gulf States Transmission Corporation	RP10-1304-001 RP10-1304-002
WestGas InterState, Inc.	RP11-34-000
PetroLogistics Natural Gas Storage, LLC	RP11-57-000
Golden Triangle Storage, Inc.	RP11-69-000
Arlington Storage Company, LLC	RP11-75-000
Steuben Gas Storage Company	RP11-79-000
Central New York Oil And Gas, LLC	RP11-1433-000
Portland General Electric Company	RP11-1493-000

ORDER ON FILINGS IN COMPLIANCE WITH ORDER NO. 587-U

(Issued November 30, 2010)

1. The pipelines listed in the caption made tariff filings to comply with Order No. 587-U issued in Docket Nos. RM96-1-030 and RM96-1-036.¹ The tariff provisions implement Version 1.9 of the North American Energy Standards Board (NAESB) Wholesale Gas Quadrant's (WGQ) Standards incorporated by reference by the Commission in Order No. 587-U. As discussed below, the filings are accepted to become effective as proposed, subject to further review and conditions as discussed in the body of this order.

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

Background

2. In Order No. 587-U, the Commission amended section 284.12 of its regulations governing standards for conducting business practices and electronic communication with interstate natural gas pipelines to incorporate by reference the most recent version of the NAESB WGQ Standards, Version 1.9. 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 682.² Pipelines were required to make filings to incorporate Version 1.9 of the NAESB WGQ Standards into their tariffs on September 1, 2010, to take effect on November 1, 2010. In Order No. 587-U, the Commission also found that over the years, pipelines have been implementing these standards in different ways, and the Commission required pipelines to provide additional information with their compliance filings to assist the Commission in evaluating these differences and to determine any revisions that may be necessary for future filings.³

3. Each of the pipelines listed in the caption filed tariff records to incorporate Version 1.9 of the NAESB WGQ Standards. Public notice of these filings was issued, with interventions and protests due as provided in the Commission's Rules of Practice and Procedure. 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 proceedings will not disrupt the proceedings or place additional burdens on existing parties. No protests or adverse comments were filed.

² *Standards for Business Practices for Interstate Natural Gas Pipelines; Standard for Business Practices for Public Utilities*, 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 Pipeline Facilities*, Order No. 682, FERC Stats. & Regs. ¶ 31,227 (2006), *order denying reh'g*, Order No. 682-A, 118 FERC ¶ 61,188 (2007).

³ Order No. 587-U, FERC Stats. & Regs. ¶ 31,307 at P 38-39.

Discussion

4. A number of pipelines sought waiver of the requirements of Order No. 587-U, or extensions of time in which to comply with that order. These requests are discussed below. For the most part, we are continuing waivers of existing standards that have been granted previously. However, the Commission intends to further review the need for waivers in future rulemakings. Any waivers or extensions of time granted herein therefore are limited to the NAESB WGQ's Version 1.9 Standards promulgated by Order No. 587-U.

A. Waiver Requests

1. Waiver of the 30-Day Time Limit

5. Order No. 587-U requires pipelines seeking waiver or extension of time to comply with the requirements of Order No. 587-U to file such requests within 30 days of the issuance of the rule.⁴ Order No. 587-U was issued on March 24, 2010. Therefore, pipelines seeking waiver or an extension of time to comply with Order No. 587-U should have filed such requests by April 23, 2010. Consistent with the Commission's finding in *MoGas Pipeline LLC*,⁵ the Commission finds good cause to grant the waivers of the time limit for submitting requests for waiver or extension of time of the NAESB WGQ Version 1.9 Standards to each of the pipelines listed in the caption.

2. Existing Waivers

a. Waivers of Gas Quality Posting Requirements

6. Three pipelines⁶ request waiver of the new NAESB WGQ Version 1.9 gas quality posting requirements contained in NAESB WGQ Version 1.9 Standards 4.3.95, 4.3.96, 4.3.97, and 4.3.98, which require pipelines to: (1) measure and calculate hydrocarbon liquid drop out using either Cricondentherm Hydrocarbon Dew Point (CHDP) or C6+GPM for locations that are representative of mainline gas flow; and (2) post hourly average gas quality information on its website. The pipelines state that they do not

⁴ See Order No. 587-U, FERC Stats. & Regs. ¶ 31,307 at n.51 (*citing Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587-C, FERC Stats. & Regs. ¶ 31,050, at 30,588 (1997) (“[p]ipelines may file requests seeking waiver or extension of the requirements of this rule, but must file such requests within 30 days of the issuance of this rule.”)).

⁵ See *MoGas Pipeline LLC*, 131 FERC ¶ 61,251 (2010).

⁶ Central New York Oil And Gas, LLC (CNYOG), Arlington Storage Company, LLC (ASC), and Steuben Gas Storage Company, LLC (Steuben).

measure hydrocarbon liquid drop out, or calculate a CHDP. The pipelines also state that their gas storage operations are subject to deliveries and gas quality standards set by other pipelines, which are required to post hourly average gas quality information. For good cause shown, the Commission grants the aforementioned pipelines the requested waiver of NAESB WGQ Version 1.9 Standard 4.3.95. However, the aforementioned pipelines must comply with the gas quality reporting standards if, in the future, they separately measure gas quality.

7. The Commission will deny the requested waivers of NAESB WGQ Version 1.9 Standards 4.3.96 through 4.3.98 because the standards are conditional and do not apply unless the pipeline performs the business practice. NAESB Version 1.9 Standard 4.3.96 requires pipelines to provide hourly gas quality information “to the extent that the [pipeline] is required to do so in its tariff or general terms and conditions, a settlement agreement, or by order of an applicable regulatory authority.” Further, NAESB WGQ Version 1.9 Standards 4.3.97 and 4.3.98 specify how the data for NAESB WGQ Version 1.9 Standard 4.3.96 should be provided. In each case, the aforementioned pipelines comply with the NAESB WGQ Version 1.9 Standards 4.3.96 through 4.3.98. CNYOG, ASC, and Steuben must make a compliance filing within 15 days of this order to include these standards in their tariff.

b. Waivers of Netting and Trading of Imbalances Standards

8. Four pipelines⁷ request continued waiver of the NAESB WGQ Standards governing imbalance netting and trading, and posting of imbalances. The pipelines state that the Commission has previously granted such waivers in the past,⁸ and that they are not authorized by the Commission to assess imbalance penalties. For good cause shown, the Commission grants the aforementioned pipelines a continuation of their waiver of the NAESB WGQ’s Version 1.9 Standards governing imbalance netting and trading, and posting of imbalances, so long as the pipelines do not seek to implement imbalance penalty provisions in the future.⁹

⁷ PetroLogistics Natural Gas Storage, LLC (PetroLogistics), Golden Triangle Storage, Inc. (GTS), Energy West Development, Inc. (Energy West), and WestGas InterState, Inc. (WGI).

⁸ See *PetroLogistics Natural Gas Storage, LLC*, 122 FERC ¶ 61,193, at P 33 (2008); *Standards for Business Practices of Interstate Natural Gas Pipelines*, 92 FERC ¶ 61,266 (2000).

⁹ The Commission grants: (1) PetroLogistics a continued waiver of NAESB WGQ Version 1.9 Standards 2.2.2, 2.2.3, 2.3.30, 2.3.40 through 2.3.50, and 3.3.14; (2) GTS a continued waiver of NAESB WGQ Version 1.9 Standards 2.2.2, 2.2.3, 2.3.30, and 2.3.40 through 2.3.50; (3) Energy West a continued waiver of NAESB WGQ Version 1.9

c. **Waiver of the “Customer Activities” Website Requirements**

9. WGI requests a continuation of its waiver of the NAESB WGQ Version 1.9 Standards setting forth the definitions and business practices of the “Customer Activities” section of its website.¹⁰ The Commission has previously granted WGI a waiver of the NAESB WGQ Standards.¹¹ Therefore, the Commission grants WGI a continuation of its requested waiver.

10. However, the Commission will deny WGI’s request for waiver of NAESB WGQ Version 1.9 Standards 5.3.13, 5.3.14 and 5.3.20 because these standards do not require the use of electronic communications or internet transactions. NAESB WGQ Version 1.9 Standards 5.3.13 and 5.3.14 provide that “[bids or offers] should be binding until written or electronic notice of withdrawal is received by the capacity release service provider.” Further, NAESB WGQ Version 1.9 Standard 5.3.20 provides that “[c]apacity Release historical data should be made available ... from the [pipeline] ...,” but does not require that it be made available electronically or via the Internet. Therefore, WGI must make a compliance filing within 15 days of this order to include NAESB WGQ Version 1.9 Standards 5.3.13, 5.3.14, and 5.3.20 in its tariff.¹²

11. Iroquois Gas Transmission System, L.P. (Iroquois) requests a waiver of the NAESB WGQ interactive website requirements of Version 1.9 Standard 4.3.72. The Commission will deny the requested waiver of NAESB WGQ Version 1.9 Standard 4.3.72, since the standard is conditional and does not apply unless the pipeline performs the business practice. NAESB WGQ Version 1.9 Standard 4.3.72 allows pipelines, “[a]t their discretion, [to] provide alternate views to data and transaction in addition to the NAESB WGQ basic views (industry common views) ...” In this case, Iroquois complies with the NAESB WGQ Version 1.9 Standard 4.3.72.

Standards 2.3.40 through 2.3.50; and (4) WGI a continued waiver of NAESB WGQ Version 1.9 Standard 2.3.31.

¹⁰ WGI requests a continuation of its waiver of NAESB WGQ Version 1.9 Standards 1.3.47 through 1.3.50, 1.3.52 through 1.3.63, 2.3.32 through 2.3.35, 3.3.23, 3.3.24, 4.2.10, and 4.3.1 through 4.3.22, 4.3.24 through 4.3.86, 5.3.10, 5.3.11, 5.3.13, 5.3.14, 5.3.20, and 5.4.18 through 5.4.22, 10.3.26, and 10.3.27.

¹¹ See *WestGas InterState, Inc.*, 130 FERC ¶ 61,165 (2010).

¹² Further, we deny waiver of the following standards: (1) NAESB Standard 4.3.4, since the Commission did not incorporate by reference NAESB Standard 4.3.4 in Order No. 587-U; and (2) NAESB Standards 4.3.6 through 4.3.15, 4.3.19, 4.3.21, 4.3.37, 4.3.63, 4.3.64, 4.3.70, 4.3.71, and 4.3.77, since these standards were deleted by NAESB and are no longer required to be incorporated by reference or included in a pipeline’s tariff.

3. New Waiver Requests

a. Waivers of Index-Based Capacity Release Standards

12. The Version 1.9 Standards include communication standards and protocols related to the business practice standards dealing with index-based capacity release, which the Commission proposed to adopt in its July 2009 Notice of Proposed Rulemaking, and new standards adopted in response to Order Nos. 698, 712, 717, and 682.¹³ These new and modified standards provide additional flexibility to shippers and create a uniform method that enables releasing and replacement shippers to use third-party rate indices to create rate formulas for capacity releases that will better reflect the value of capacity.¹⁴ These standards also reflect a reasonable compromise for dealing with copyright issues that arise in using copyrighted gas indices to set prices, ensuring that shippers have a reasonable choice of available indices to use while equitably spreading the costs entailed by the use of such indices among the pipelines and shippers.

13. Generally, the Commission received a waiver request for the new and modified index-based capacity release standards in two categories: Category 1 – requests for waiver of all of the new and modified index-based capacity release standards,¹⁵ and Category 2 – requests for an extension of time to implement Electronic Data Interchange (EDI) and Internet requirements of index-based capacity release.¹⁶ Many of the pipelines requesting waiver assert there are no representative index references for their pipeline, and that shippers are unlikely to request such releases. The Commission's decision on these requests is discussed below.

¹³ The new NAESB WGQ Version 1.9 index-based capacity release related Standards are 5.2.4, 5.2.5, 5.3.61, 5.3.62, 5.3.62a, and 5.3.63 through 5.3.69.

¹⁴ *See* Order No. 587-U, FERC Stats. & Regs. ¶ 31,307 at 31,029.

¹⁵ The following pipelines requested waiver of all of the new and modified index-based capacity release Version 1.9 Standards: Portland General Electric Company (PGE) and Energy West. WGI requests waiver of NAESB WGQ Version 1.9 Standard 5.3.61. Collectively, these pipelines are referred to as Category 1 pipelines.

¹⁶ Iroquois requests an extension of time until January 31, 2011 to implement NAESB WGQ Version 1.9 Standards relating to EDI and Internet requirements for index-based capacity release. Iroquois is referred to as a Category 2 pipeline.

i. Waivers of Electronic Standards

14. In processing waiver requests, particularly for the electronic and EDI requirements, the Commission looks at the circumstance of the requesting pipeline, including the size of the pipeline, and its ability to provide electronic services. In the past, when larger pipelines have requested waivers of electronic requirements because shippers have not used the service, the Commission has granted extensions of time until 60 days after a shipper requests the service. Such an extension of time ensures that pipelines do not needlessly have to spend money revamping computer services that shippers do not use, while at the same time, ensuring that shippers have access to such services if they need them. For smaller pipelines, however, the Commission has granted waivers of the electronic standards when complying with such standards would prove unduly burdensome. In these cases, the Commission has not obviated the need for the pipeline to provide the service using manual or other available means.

15. The Commission finds it appropriate to grant limited waivers of the electronic requirements of the NAESB WGQ index-based capacity release standards for the relatively small pipelines in Category 1. Consistent with our finding for similarly situated pipelines,¹⁷ we grant waiver of the index-based capacity release NAESB WGQ Standards for the EDI and Internet requirements, based on the administrative burdens and costs for the requesting pipelines, and the low probability of a releasing shipper on the requesting pipeline's system requesting to utilize index-based pricing.¹⁸ The Commission also grants the requested extension of time to the pipeline in Category 2.¹⁹

ii. Support for Index-Based Releases

16. As the Commission pointed out in Order No. 698, pipelines are required to support indexed-based releases,²⁰ and the pipelines in Categories 1 and 2 have not demonstrated that they cannot support such releases through manual or methods other than the electronic requirements in the NAESB WGQ Standards. To the extent the pipelines in

¹⁷ See *Order on Filings in Compliance With Order No. 587-U*, 133 FERC ¶ 61,096 (2010); *Carolina Gas Transmission Corp.*, 131 FERC ¶ 61,211 (2010); *MoGas Pipeline LLC*, 131 FERC ¶ 61,251 (2010); *Granite State Gas Transmission, Inc.*, 132 FERC ¶ 61,262 (2010).

¹⁸ The waiver is applicable to NAESB WGQ Version 1.9 Standard 5.3.61.

¹⁹ The Commission grants Iroquois an extension of time until January 31, 2011 to implement NAESB WGQ Version 1.9 Standard 5.3.61.

²⁰ Order No. 698, FERC Stats. & Regs. ¶ 31,251.

Categories 1 and 2 request waiver or an extension of time to comply with NAESB WGQ's business practice standards for index-based capacity release, they have not supported such a request; and we deny waiver of NAESB WGQ's business practices and definitions.²¹ Therefore, the pipelines in Categories 1 and 2 are directed to make compliance filings, within 15 days from the date of this order, to modify their respective tariff databases to identify the procedures for the manual index-based capacity releases on their systems, and reference the NAESB WGQ Version 1.9 business practice standards and definitions for index-based capacity release.

17. Iroquois, in its motion for extension of time, states that its customers will be able to submit index-based capacity releases via the use of the Special Terms and Miscellaneous Notes section of the capacity release posting. Further, Iroquois states that competitive bidding will be accommodated via facsimile submissions that will be processed manually during the interim period. Iroquois further states that, at month end, any index-based capacity release rate(s) will be manually calculated, verified with the releasing shipper, and loaded into Iroquois' invoicing system. Iroquois also states that it will post this interim protocol on its internet website customer-interface IroquoisOnLine so that interested parties will know the availability and method for arranging index-based releases pending effectiveness of Iroquois' computer system updates. Iroquois asserts that its personnel will strive to meet all tariff bidding and award timeframes, and will work with customers and bidders to address any timing concerns.

18. Iroquois has demonstrated that it can support index-based releases through manual or methods other than the electronic requirements promulgated in the NAESB WGQ Version 1.9 Standards. To the extent Iroquois requests an extension of time to comply with the business practice requirements of NAESB WGQ's index-based capacity release standards, it has not supported such a request. Therefore, we deny Iroquois the requested extension of time to comply with the business practice requirements of NAESB WGQ's index-based capacity release standards,²² subject to Iroquois making a compliance filing, within 15 days from the date of this order, to modify its tariff database to identify the referenced procedures for the manual index-based capacity releases on its system. Iroquois will be required to support an index-based release through manual or other methods other than the electronic requirements in the NAESB WGQ Standards when presented by a shipper.

²¹ NAESB WGQ Version 1.9 Standards 5.3.1, 5.3.3, 5.3.26, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, and 5.3.66 through 5.3.69.

²² NAESB WGQ Version 1.9 Standards 5.3.3, 5.3.26, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68 and 5.3.69.

19. Further, PGE and Energy West request waiver of NAESB WGQ Version 1.9 Standard 5.3.65, which is a business practice standard that requires a pipeline to support indexed based releases. These pipelines assert that that there are no representative index references for their respective pipelines, and that shippers are unlikely to request such releases.

20. The purpose of NAESB WGQ Version 1.9 Standard 5.3.65's requirement that the pipeline support two price indices is to ensure that a shipper can use indices without incurring the additional cost of paying for any licenses that the pipeline may require to process that release.²³ Consistent with the Commission's finding in *MoGas*,²⁴ and the requesting pipelines' contention that: (1) there are no representative index references for its respective pipeline system; and (2) that shippers are unlikely to request such releases, we grant pipelines in Category 1 a waiver of NAESB WGQ Version 1.9 Standard 5.3.65 and its requirement to support at least two non-public price index references, until a releasing shipper presents an index-based capacity release. We find it reasonable in these circumstances to not require the pipelines in Category 1 to acquire and pay for the licenses necessary to support indices at this time.

21. However, the pipelines will be required to support an index-based release when presented by a releasing shipper. In supporting such a release, the pipelines will need to pay whatever licensing costs are necessary to cover its processing of the release.²⁵

22. Golden Triangle Storage, Inc. (GTS) requests limited waiver of NAESB WGQ Version 1.9 Standards 5.2.4, 5.2.5, 5.3.27, 5.3.62, 5.3.63, 5.3.64, 5.3.66 and 5.3.67 to omit any reference to the terms rate floor, default rate, and maximum rates. GTS contends that these terms do not apply to GTS because the Commission has authorized GTS to charge market-based rates for its storage services.²⁶ The Commission will deny GTS' request for waiver, since these terms and concepts can be used by releasing shippers in designing bids and are not related to GTS' ability to charge market-based rates for its storage services.

²³ Standard 5.3.65(c) states that "releasing shippers requesting the use of price index references not supported by the [pipeline] will be responsible for providing/maintaining adequate license(s)/subscription(s) for the [pipeline]...."

²⁴ *See MoGas Pipeline, LLC*, 133 FERC ¶ 61,035, at P 8-10 (2010).

²⁵ The requesting pipelines will not have to support more than two indices at any time, since any subsequent releasing shippers will be able to avail themselves of the index or indices currently supported by the requesting pipelines.

²⁶ *Golden Triangle Storage, Inc.*, 121 FERC ¶ 61,313 (2007).

23. Standard 5.2.4 defines a rate floor as “the term used to describe the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the releasing shipper.” Standard 5.2.5 defines a default rate as “the non-biddable rate specified in the capacity release offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed.” Even if GTS’ tariff permits market-based rates, the releasing shipper can specify a rate floor or a default rate to be used in processing indexed releases. Moreover, other standards that refer to maximum rates all specify that the standards apply only “if applicable.”²⁷ Therefore, the standards will not apply, by definition, to a pipeline with market-based rates. Nevertheless, GTS is required to make a compliance filing, within 15 days from the date of this order, to include NAESB WGQ Version 1.9 Standard 5.3.27 in its tariff.²⁸

b. Waiver of Title Transfer Tracking Requirements

24. Energy West requests waiver of the NAESB WGQ Version 1.9 standards relating to Title Transfer Tracking.²⁹ Although NAESB WGQ’s Title Transfer Tracking Standards are principally applied at pooling points, which Energy West contends is not feasible given the nature of its physical pipeline system, the standards require pipelines to accommodate Title Transfer Tracking at no less than one location. In addition, pipelines must accommodate Title Transfers for parties other than firm shippers. As the Commission explained in Order No. 587-Q,³⁰ pipelines must permit all parties with a contractual relationship with the pipeline to engage in Title Transfers, including parties with firm and interruptible contracts, pooling contracts or operational balancing agreements, and third party account administrators.³¹ In addition, the Commission explained that the pipeline’s only obligation in title transfers is to process nominations and confirmations using its existing nomination system.³² Energy West has not provided

²⁷ See NAESB WGQ Version 1.9 Standards 5.3.62, 5.3.63, 5.3.64, 5.3.66, and 5.3.67.

²⁸ In this case, GTS incorporates by reference and complies with NAESB WGQ Version 1.9 Standards 5.2.4, 5.2.5, 5.3.62, 5.3.63, 5.3.64, 5.3.66 and 5.3.67.

²⁹ NAESB WGQ Version 1.9 Standards 1.1.7, 1.1.10, 1.1.11, 1.1.13, 1.1.20, 1.1.21, 1.2.14 through 1.2.19, 1.3.64 through 1.3.74, 1.3.76, and 1.3.77.

³⁰ *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587-Q, 100 FERC ¶ 61,105 (2002) (Order No. 587-Q).

³¹ Order No. 587-Q, 100 FERC ¶ 61,105 at P 8.

³² *Id.* P 13.

sufficient justification as to why it cannot perform Title Transfer Tracking functions during the nomination process using existing nomination procedures. Therefore, Energy West is directed to make a compliance filing, within 15 days from the date of this order, to modify its tariff database to incorporate NAESB WGQ Version 1.9 Standards 1.1.7, 1.1.10, 1.1.11, 1.1.13, 1.1.20, 1.1.21, and 1.2.14 through 1.2.19, 1.3.64 through 1.3.74, 1.3.76, and 1.3.77.

c. **Waiver of Approved Bidders List and Mutually Agreeable Data Sets**

25. Three pipelines³³ request waiver of NAESB WGQ Version 1.9 Standard 2.3.65 and Data Sets 2.4.17 “Producer Imbalance Statement” and 2.4.18 “Measurement Events/Alarms,” which are mutually agreeable data sets. The pipelines state that these standards are not utilized. Further, the pipelines request waiver of NAESB WGQ Version 1.9 Data Set 5.4.23 “Approved Bidder’s List.” The pipelines indicate that the standard is not applicable, given that they do not support the business practice of relying on an approved bidder’s list with respect to determining a bidder’s creditworthiness. Rather, their respective tariffs provide that a shipper must be creditworthy at the time a bid is submitted and such creditworthiness is verified at that time.

26. We deny the requested waivers because the NAESB WGQ Version 1.9 Standards are conditional and do not apply unless the pipelines perform the business practice. A standard that is mutually agreeable applies only if the pipeline performs that business practice. The data set for the “Approved Bidder’s List” similarly applies only if the pipeline is required by its tariff to support an approved bidder’s list. Accordingly, the pipelines must make a compliance filing within 15 days of this order to include the referenced NAESB WGQ Version 1.9 Standards in their tariff.

d. **Waivers of Pooling Standards**

27. Two pipelines request a waiver of the NAESB WGQ Version 1.9 Standards governing pooling.³⁴ The pipelines state that the pooling standards are not applicable, since they do not currently have any pools on their system.³⁵ The Commission grants waiver of the NAESB WGQ Version 1.9 Standards relating to pooling based on the pipelines’ representation that it is currently infeasible to provide pooling services.

³³ Gulf States Transmission Corporation (Gulf States), WGI, and Energy West.

³⁴ Energy West and WGI. WGI requests a continuation of its waiver of NAESB WGQ Version 1.9 Standards 1.3.17, 1.3.18, and 3.3.6.

³⁵ NAESB WGQ Version 1.9 Standard 1.3.18.

However, the two pipelines must comply with the NAESB WGQ Version 1.9 Standards governing pooling if, in the future, the pipelines provide pooling on their systems.

e. **Gas/Electric Operational Communications Standards**

28. Energy West requests a waiver of the NAESB WGQ Version 1.9 Standards applicable to gas/electric operational communications. Specifically, Energy West requests waiver of NAESB WGQ Version 1.9 Standards 0.2.1 through 0.2.3, and 0.3.11 through 0.3.15. Energy West indicates that it is not directly connected to any power plant facilities, does not deliver gas to any power plants, and has not been contacted by a transmission operator or balancing authority to implement the NAESB WGQ Standards applicable to gas pipelines that are directly connected to power generation resources. For good cause shown, the Commission grants Energy West a waiver of the NAESB WGQ Version 1.9 Standards applicable to gas/electric operational communications. However, to the extent that Energy West provides service to an electric power customer, it must comply with the gas/electric coordination standards and establish the appropriate communication procedures at that time, as contemplated by Order No. 698.³⁶

B. **Extensions of Time**

1. **Extensions of Time to Implement Electronic Data Interchange, Electronic Delivery Mechanism, and Internet Electronic Transport Requirements**

29. Seven pipelines request an additional extension of time to implement NAESB WGQ Version 1.9 Standards relating to certain EDI, Electronic Delivery Mechanism (EDM), and Internet Electronic Transport (IET) requirements.³⁷ Specifically, the pipelines request approval of a continuation of the extension of time, subject to the pipelines' implementation of a standard 90-days after the receipt of a request for the use of such standards.³⁸ Generally, the referenced pipelines indicate that the Commission has previously granted an extension of time, and that they continue to operate on the same

³⁶ Order No. 698, FERC Stats. & Regs. ¶ 31,251 at P 27, 47.

³⁷ Iroquois, Gulf States, PetroLogistics, GTS, PGE, Energy West, and WGI.

³⁸ PGE requests an additional extension of time until such time that a customer requests that PGE establish an interactive website. WGI requests an additional extension of time until a customer requests that WGI provide these services.

basis on which the extension of time was granted.³⁹ For good cause shown, the Commission grants the referenced pipelines an additional extension of time to comply with the EDI, EDM, and IET transactions as requested.⁴⁰ The extensions of time are limited to the NAESB WGQ Version 1.9 Standards incorporated by Order No. 587-U,⁴¹ and apply until a request is made to use the standards in which case the pipeline will have 90 days following receipt of the request to implement the requested standard.

a. **Extensions of Time to Implement Certain Electronic Data Interchange Data Sets and Electronic Capacity Release Transactions**

30. Iroquois requests an extension of time until January 31, 2011 to implement certain of the NAESB WGQ Version 1.9 Standards.⁴² Iroquois states that when computer upgrades were placed into the testing environment, it became apparent that significant modifications would have to be made in order to implement the new standards and that such modifications would not be completed prior to the November 1, 2010 implementation date. For good cause shown, we grant Iroquois an extension of time until January 31, 2011 to implement the aforementioned NAESB WGQ Version 1.9 Standards.

³⁹ *Iroquois Gas Transmission System, L.P.*, 100 FERC ¶ 61,368, at P 8-9 (2002); *Gulf States Transmission Corp.*, Docket No. RP03-416-000 (June 30, 2003) (delegated letter order); *PetroLogistics Natural Gas Storage, LLC*, 122 FERC ¶ 61,193 (2008); *Golden Triangle Storage, Inc.*, 132 FERC ¶ 61,101, at P 18 (2010); *Portland General Electric Co.*, 105 FERC ¶ 61,023, at P 47-49 (2003); *Energy West Development, Inc.*, Docket No. RP09-663-000 (July 23, 2009) (delegated letter order); *WestGas InterState, Inc.*, 130 FERC ¶ 61,165 (2010).

⁴⁰ PetroLogistics' extension of time is applicable to NAESB WGQ Version 1.9 Standard 10.3.1.

⁴¹ See *B-R Pipeline Co.*, 128 FERC ¶ 61,126 (2009) (“[e]ach time the Commission adopts new versions of [the] standards ... pipelines must request waiver of the new standards.”).

⁴² Iroquois requests an extension of time until January 31, 2011 to implement NAESB WGQ Version 1.9 Standards 5.4.1, 5.4.2, 5.4.3, 5.4.5, 5.4.7, 5.4.8, 5.4.13, 5.4.14, 5.4.15, 5.4.16, 5.4.18, 5.4.19, and 5.4.20.

C. Compliance Filings

31. As more fully discussed below, the Commission accepts the tariff records of the subject pipelines to be effective on the date proposed, subject to the pipelines filing revised tariff records, within 15 days from the date of this order.

1. CNYOG: RP11-1433-000, ASC: RP11-75-000, and Steuben: RP11-79-000

32. Three pipelines⁴³ filed revised tariff records to comply with their respective Order No. 587-U compliance filing orders (underlying orders).⁴⁴ The underlying orders conditionally accepted the pipelines' revised tariff records effective October 1, 2010, subject to the pipelines: (1) incorporating by reference Standards 4.3.95 through 4.3.98 or including those standards in their tariff, but not both; (2) excluding the incorporation by reference of Standards 1.3.2 and 5.3.2, because those standards are required to be included in the pipelines' tariff; and (3) removing Standards 4.3.4, 10.3.2, and 10.3.13 from their tariff. These pipelines updated their tariff records by deleting the incorporation by reference of Standards 1.3.2 and 5.3.2, and removing Standards 4.3.4, 10.3.2 and 10.3.13 from their tariff.⁴⁵

33. CNYOG and Steuben include the text of NAESB WGQ Version 1.9 Standards 1.3.2(i) through (v) in their tariffs.⁴⁶ Further, ASC includes the text of NAESB WGQ

⁴³ CNYOG, ASC, and Steuben.

⁴⁴ *Central New York Oil And Gas LLC*, Docket No. RP10-1258-000 (Oct. 4, 2010) (delegated letter order); *Arlington Storage Co., LLC*, Docket Nos. RP10-1260-000 and RP10-1260-001 (Oct. 13, 2010) (delegated letter order); *Steuben Gas Storage Co., LLC*, Docket Nos. RP10-1261-000 and RP10-1261-001 (Oct. 4, 2010) (delegated letter order).

⁴⁵ The Rich Text Format file that CNYOG, ASC, and Steuben submit to incorporate tariff revisions as directed in this order should not contain tracked changes in redline strikeout. The text of the tariff provisions (including the entire tariff document if that option is chosen) to be included in the database must match exactly the text of the clean copy of the tariff provisions filed as an attachment. See *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276, at n.42 (2008).

⁴⁶ Nominations, Scheduling and Allocation, 1.0.0, to Central New York Oil And Gas FERC Gas Tariff, FERC NGA Gas Tariff; Nominations, Scheduling and Allocation, 1.0.0, to Steuben Storage FERC Gas Tariff 1st Rev Vol 1, FERC NGA Gas Tariff.

Version 1.9 Standards 1.3.2(i) through (iv) in its tariff.⁴⁷ However, CNYOG, Steuben and ASC have not included the entire text of NAESB WGQ Version 1.9 Standard 1.3.2 in their tariffs. Order No. 587-U requires pipelines to include the text of NAESB WGQ Version 1.9 Standard 1.3.2 in their tariff.⁴⁸ Therefore, CNYOG and Steuben are directed to file revised tariff records including the text of NAESB WGQ Version 1.9 Standard 1.3.2(vi) in their tariffs. Further, ASC is directed to file revised tariff records including the text of NAESB WGQ Version 1.9 Standards 1.3.2(v) and 1.3.2(vi) in its tariff.⁴⁹

34. CNYOG incorporates by reference certain NAESB WGQ Version 1.9 Standards.⁵⁰ However, CNYOG's revised tariff record incorrectly references NAESB WGQ Version 1.9 Standards 5.3.3 through 5.3.5.⁵¹ CNYOG is directed to file revised tariff records properly incorporating by reference NAESB WGQ Version 1.9 Standards 5.3.3 through 5.3.5, and 5.3.7.

2. PetroLogistics: RP11-57-000

35. PetroLogistics incorporates by reference NAESB WGQ Version 1.9 Standard 1.3.65⁵² and also includes the text of the same standard in its tariff.⁵³ In *Texas Eastern Transmission Corp.*, the Commission determined that a pipeline should not incorporate a NAESB (formerly GISB) standard by reference and also include the text of the same

⁴⁷ Nominations and Scheduling, 6.8 Nominations and Scheduling, 1.0.0, to Arlington Storage Company, FERC Gas Tariff, First Revised Volume No. 1, FERC NGA Gas Tariff.

⁴⁸ See Order No. 587-U, FERC Stats. & Regs. ¶ 31,307 at n.42.

⁴⁹ CNYOG, Steuben, and ASC may incorporate by reference NAESB WGQ Version 1.9 Standard 1.3.2(vi), since NAESB WGQ Version 1.9 Standard 1.3.2(vi) is a Timely Nomination/Intraday Nomination Model.

⁵⁰ Miscellaneous, 2.0.0, to Central New York Oil And Gas FERC Gas Tariff, FERC NGA Gas Tariff.

⁵¹ For example, CNYOG referenced NAESB WGQ Version 1.9 Standard 5.3.3 as 5.3.35.3.4.

⁵² General T&C - 16, General Terms & Conditions - Section 16, 1.0.0, to PetroLogistics FERC Gas Tariff Vol. 1, FERC NGA Gas Tariff.

⁵³ General T&C - 17, General Terms & Conditions - Section 17, 0.0.0, to PetroLogistics FERC Gas Tariff Vol. 1, FERC NGA Gas Tariff.

standard in its tariff.⁵⁴ PetroLogistics is directed to file revised tariff records, either incorporating by reference or including the text of NAESB WGQ Version 1.9 Standard 1.3.65 in its tariff.

3. GTS: RP11-69-000

36. GTS incorporates by reference NAESB WGQ Version 1.9 Standard 1.3.2(v).⁵⁵ However, Order No. 587-U requires pipelines to include the text of NAESB WGQ Version 1.9 Standard 1.3.2(v) in their tariff.⁵⁶ Therefore, GTS is directed to file revised tariff records removing the reference to NAESB WGQ Version 1.9 Standard 1.3.2(v), and including the text of NAESB WGQ Version 1.9 Standard 1.3.2(v) in its tariff.

37. GTS incorporates by reference NAESB WGQ Version 1.9 Standard 5.3.2⁵⁷ and also includes the text of the same standard in its tariff.⁵⁸ Order No. 587-U requires pipelines to include the text of NAESB WGQ Version 1.9 Standard 5.3.2 in their tariff.⁵⁹ Therefore, GTS is directed to file revised tariff records removing the reference to NAESB WGQ Version 1.9 Standard 5.3.2 from its tariff.

4. PGE: RP11-1493-000

38. PGE incorporates by reference NAESB WGQ Recommendations R02002 and R02002-2, governing partial or flowing day recalls.⁶⁰ At the time Order No. 587-R⁶¹

⁵⁴ *See Texas Eastern Transmission Corp.*, 77 FERC ¶ 61,175, at 61,646 (1996).

⁵⁵ North American Energy Standards Board, 1.0.0, to GTS FERC Gas Tariff Database, FERC NGA Gas Tariff.

⁵⁶ *See* Order No. 587-U, FERC Stats. & Regs. ¶ 31,307 at n.42.

⁵⁷ 24., North American Energy Standards Board, 1.0.0, to GTS FERC Gas Tariff Database, FERC NGA Gas Tariff.

⁵⁸ 4., Capacity Release, 1.0.0, to GTS FERC Gas Tariff Database, FERC NGA Gas Tariff.

⁵⁹ *See* Order No. 587-U, FERC Stats. & Regs. ¶ 31,307 at n.42.

⁶⁰ Part IV - GT&C - Section 25 - NAESB Standards, 2.0.1, to PGE FERC Gas Tariff Original Volume 1, FERC NGA Gas Tariff.

⁶¹ *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587-R, FERC Stats. & Regs. ¶ 31,141 (2003).

issued, the partial day recall standards were referred to by their recommendation number. This is no longer the case. Therefore, PGE is directed to file revised tariff records removing the reference to NAESB WGQ Recommendations R02002 and R02002-2 from its tariff.

5. **WGI: RP11-34-000**

39. WGI incorporates by reference NAESB WGQ Version 1.9 Standard 1.3.2(v).⁶² However, Order No. 587-U requires pipelines to include the text of NAESB WGQ Version 1.9 Standard 1.3.2(v) in their tariff.⁶³ Therefore, WGI is directed to file revised tariff records removing the reference to NAESB WGQ Version 1.9 Standard 1.3.2(v), and including the text of NAESB WGQ Version 1.9 Standard 1.3.2(v) in its tariff.

40. WGI states that NAESB WGQ Version 1.9 Standards 1.3.15, 1.3.16, 2.3.19, 3.3.20, and 5.3.24 are incorporated by reference.⁶⁴ However, WGI has not incorporated by reference or included the text of NAESB WGQ Version 1.9 Standards 1.3.15, 1.3.16, 2.3.19, 3.3.20, and 5.3.24. Order No. 587-U requires pipelines to file tariff sheets to reflect these standards, unless pipelines file to renew requests for waivers or extensions of time with respect to particular standards.⁶⁵ WGI has not proposed to renew a request for waiver or an extension of time concerning these NAESB WGQ Version 1.9 Standards. WGI is directed to file revised tariff records either incorporating by reference or including the text of NAESB WGQ Version 1.9 Standards 1.3.15, 1.3.16, 2.3.19, 3.3.20, and 5.3.24 in its tariff.

The Commission orders:

(A) All the tariff records filed by the pipelines listed in the caption of the order are accepted to be effective as proposed, subject to the applicable conditions discussed in the body of this order.

⁶² Part 2 Section 28, Miscellaneous, 0.1.0, to WGI Tariffs, FERC NGA Gas Tariff.

⁶³ See Order No. 587-U, FERC Stats. & Regs. ¶ 31,307 at n.42.

⁶⁴ WGI Master Table of NAESB Standards Adopted in FERC Gas Tariff.

⁶⁵ See Order No. 587-U, FERC Stats. & Regs. ¶ 31,307 at P 37-38.

(B) Extensions of time and/or waivers are granted as discussed in the body of this order and are limited to the NAESB WGQ's Version 1.9 Standards promulgated by Order No. 587-U.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.