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FERC revises rules to prohibit bidding by multiple affiliates in gas pipeline open seasons

The Federal Energy Regulatory Commission (FERC) acted today to prevent entities from using multiple affiliates to game the natural gas pipeline open season bidding process, saying it frustrates competition and denies access to capacity for customers who value it the most.

In a final rule approved today, FERC will prohibit multiple affiliates of the same entity from bidding in an open season for pipeline capacity in which the pipeline may allocate capacity on a *pro rata* basis, except in cases in which an affiliate has an independent business reason for submitting a bid.

Today's final rule adopts in part a Notice of Proposed Rulemaking issued earlier this year in which FERC said some entities have gamed the system by bidding with multiple affiliates in open seasons for pipeline capacity to defeat the *pro rata* allocation tiebreaker mechanism and obtain a greater share of the available capacity than a single bidder could acquire by itself. This anticompetitive behavior thwarts Commission policies by denying fair distribution of capacity to those who value it the most, FERC said.

The final rule does not prohibit capacity release, as was originally proposed. The final rule, FERC said, is sufficient to prohibit such conduct without the capacity release prohibition.

The final rule takes effect 30 days after publication in the *Federal Register*.

R-12-05

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