

138 FERC ¶ 61,093
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Iroquois Gas Transmission System, L.P.

Docket No. RP12-295-000

ORDER ACCEPTING AND SUSPENDING TARIFF RECORDS
SUBJECT TO REFUND AND CONDITIONS AND FURTHER REVIEW

(Issued February 3, 2012)

1. On January 6, 2012, Iroquois Gas Transmission System, L.P. (Iroquois) filed revised tariff records.¹ Iroquois proposes modifications to General Terms and Conditions (GT&C) section 4 (Nominations, Allocating Capacity and Scheduling) and section 5 (Curtailment) of its FERC Gas Tariff to update and clarify the priority rights of its transportation and other services. As discussed below, the Commission accepts and suspends the revised tariff records to be effective July 6, 2012, subject to refund and conditions and further review.

Details of the Filing

2. Existing section 4 of Iroquois' GT&C generally provides that firm service using primary receipt and delivery points will have the highest, "first tier" priority for purposes of scheduling and curtailment. Section 4 further provides that nominations for firm service at secondary points within the shipper's primary path will be treated as nominations for service using primary points and thus be included in the first tier priority. Section 4 provides that other nominations for firm service at secondary points will have the next highest, "second tier" priority. If there is insufficient capacity to render the full level of such secondary firm service, service in the second tier priority category is allocated based on price, with shippers paying a higher percentage of the applicable reservation charge being scheduled before those paying a lower percentage. All other services are assigned various lower priorities.

¹ The revised tariff records are listed in the Appendix to this order.

New Point Allocation Provisions

3. Iroquois states that the current priority scheme in GT&C section 4 only governs the allocation of transportation path capacity on the pipeline. Therefore, Iroquois states, its current tariff does not currently specify the priority rules that should apply in the event of a constraint at a receipt or delivery point, as opposed to a transportation path. Iroquois states that, after discussions with many of its customers, it determined to revise GT&C section 4 specify the allocation priorities applicable to scheduling and curtailment of capacity at receipt and delivery points. Iroquois states that it does not propose to change the existing allocation priorities applicable when there are mainline constraints in the transportation path. Iroquois contends that its proposed new priority rules applicable at points are largely the same as the current priority rules applicable to the transportation path with one significant distinction. Iroquois states that under its current priority rules within-path capacity to and from secondary points has the same priority as within-path primary-to-primary transportation paths. Iroquois further states that, under its proposal, primary point rights would always have a higher priority status than secondary point rights consistent with Commission policy.

Constraints Within and Outside Path

4. Iroquois also proposes to distinguish, for scheduling purposes, between secondary point nominations where the constraint being experienced by the pipeline is within or outside the nominating shipper's primary path. Specifically, Iroquois proposes that the second tier priority category, at GT&C section 4.2(b)(2), apply to firm nominations where the constrained path segment is within a shipper's primary path, and a new, third tier priority category, at GT&C section 4.2(b)(3), be established for firm nominations at secondary points where the pipeline's constrained path segment is outside the nominating shipper's primary path. Iroquois states that this distinction was requested by certain Iroquois firm shippers to reflect North American Energy Standards Board (NAESB) Version 1.9 Standard 1.3.80.² Iroquois proposes to allocate secondary firm point

² NAESB Version 1.9 Standard 1.3.80 provides that:

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

capacity within each of these priority categories by price, using the methodology it currently uses to allocate secondary firm service when there are transportation path constraints.

Exemption from Allocation Priorities for Transactions that Help the System

5. Iroquois proposes to clarify and make more transparent the pipeline's treatment of transactions that it determines provide a benefit to the system. Iroquois contends that, in initial scheduling and curtailment situations, it exempts such transactions from its priority scheme to the extent such transactions are not placing any burden on the system and in some cases are, in fact, helping the system. Iroquois asserts that, for example, it may receive a nomination for displacement transportation with receipts at a point at which it also has physical delivery nominations, and the effect of that transaction would be to allow Iroquois to accommodate additional physical deliveries at that point. Iroquois further asserts that because such transactions are outside the transactions affected by a constraint, it has historically considered them exempt from the priority allocation scheme. Iroquois contends that the proposed tariff changes provide greater definition as to the specific types of transactions that can be considered to be providing a benefit to the system and effectuated outside the allocation and curtailment priorities.³

Other Curtailment Clarifications

6. Iroquois states that its revised curtailment provision includes, at the end of GT&C section 5.2, additional provisions whose purpose is to clarify and make more transparent existing procedures. The proposed revisions include provisions confirming that the curtailment transportation priority for fuel will be the same as the transportation service to which the fuel applies, paralleling the fuel priority provision that already exists in the scheduling priority section (GT&C section 4.2). The proposed revisions specify that when both point and transportation curtailment is necessary, the point capacity curtailment allocation is performed first and the transportation curtailment second. If capacity becomes available at points as a result of transportation curtailment, there will be additional allocations at the affected points. Iroquois proposes a parallel provision in the allocation priority section.

Housekeeping Changes

³ Iroquois states that the new provisions are found at the beginning of GT&C section 4.2(a) (allocation of point capacity), GT&C section 4.2(b) (allocation of transportation capacity), GT&C section 5.1 (curtailment of point capacity), and GT&C Section 5.2 (curtailment of transportation capacity).

7. Iroquois states that, in the course of developing the proposed revisions, it identified a number of minor, non-substantive changes that should be made as a housekeeping matter. Iroquois further states that these include, for example, replacement of “DT” with “Dth” to conform to other usage in the tariff, capitalization of “HUB” service references, correction of references to “criterion” (as singular and not plural), and standardizing references to defined tariff terms. Iroquois also made minor revisions to the last sentence of sections 4.2 (currently at the end of that section but which now immediately precedes section 4.2 subsection (a)) to clarify that the sentence applies to multiple nominations by a single shipper. Iroquois states that it also added this same sentence to section 5.2 for greater clarity.

Notice of Filing, Interventions, Comments, and Answer

8. Public notice of Iroquois’ filing was issued on January 9, 2012, with interventions and protests due as provided in section 154.210 of the Commission’s regulations.⁴ Pursuant to Rule 214,⁵ all timely filed motions to intervene and any unopposed motions to intervene out-of-time 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. Con Edison Company of New York, Inc. (Con Edison) filed a request for clarification. Con Edison requests clarification that the 25,000 Dth of system linepack reserved for unscheduled imbalances with point operators receiving service under Operational Balance Agreements (OBAs) referenced in proposed GT&C section 4.2 will be deemed operationally available prior to the allocation of interruptible services. Con Edison states that, after discussions with Iroquois, it understands that: (1) the intent of the provision is that the linepack will be determined based on current linepack conditions, shipper nominations, and OBA payback quantities requested prior to the close of each nomination cycle, before allocations of capacity to interruptible services; and (2) once this determination is made, Iroquois will not reduce the system linepack reserved for unscheduled imbalances with point operators receiving service under OBAs in order to provide interruptible services nominated in that cycle. Con Edison states that with this clarification it supports Iroquois’ filing.

10. Hess Corporation (Hess) filed a request for clarification concerning the relationship between Iroquois’ proposal and capacity release. Hess states that Sheet Nos. 57D and 58 would require Iroquois, when it “has insufficient capacity to render the full level of service nominated” to make an allocation “based on the highest percentage of the Maximum Demand Rate for the service being provided” and a similar provision is included in Sheet Nos. 58A, 60E, 60F, and 61, related to the “Maximum Commodity

⁴ 18 C.F.R. § 154.210 (2011).

⁵ 18 C.F.R. § 385.214 (2011).

Rate.” Hess seeks clarification that the allocation under Iroquois’ tariff, where a replacement shipper has rights to the subject capacity, will be through reference to the applicable rate of the original contract holder. Hess states that it has had preliminary discussions with Iroquois which have confirmed that such result is the intent of the proposed tariff revisions. Hess further states that, therefore, these proposed tariff records should be revised to reflect this clarification.

11. The Connecticut Natural Gas Company, the Southern Connecticut Gas Company, and Yankee Gas Services Company, and the National Grid Gas Delivery Companies⁶ filed comments in support of the proposal.

12. On January 20, 2012, Iroquois filed an answer generally agreeing to the two requested clarifications (Answer).⁷ In addition, based on informal discussions with another shipper, Iroquois agreed to a third clarification related to its curtailment by rate. Iroquois proposes to clarify its tariff to remove any suggestion that its tariff bases firm curtailment on rate. Iroquois states that the curtailment by rate was intended to apply only to those allocation tiers that by their terms base curtailment allocation on rate.

Discussion

13. Iroquois has presented the Commission with several revisions and clarifications to the provisions in sections 4 and 5 of its GT&C concerning the priority rights of its shippers for allocation of available capacity for scheduling and curtailment. Among other things, Iroquois proposes to retain its existing GT&C provision allocating secondary firm service by price when there is a transportation path constraint, and proposes to add a tariff provision that would use the same method to allocate secondary point capacity in the event of a constraint at the point.

14. Recently, the Commission rejected proposals by Tennessee Gas Pipeline Company (Tennessee) and Great Lakes Gas Transmission Limited Partnership (Great Lakes) to

⁶ The Brooklyn Union Gas Company d/b/a National Grid NY; KeySpan Gas East Corporation d/b/a National Grid; Boston Gas Company, Colonial Gas Company, and Essex Gas Company, collectively d/b/a National Grid; EnergyNorth Natural Gas, Inc., d/b/a National Grid NH; Niagara Mohawk Power Corporation d/b/a National Grid; and The Narragansett Electric Company d/b/a National Grid, all subsidiaries of National Grid USA, Inc.

⁷ The Commission’s Rules of Practice and Procedure do not permit answers to protests unless otherwise ordered by the decisional authority. 18 C.F.R. § 385.213(a)(2) (2011). However, the Commission finds good cause to accept Iroquois’ Answer since it will not delay the proceeding, may assist the Commission in understanding the issues raised, and will ensure a complete record.

schedule secondary firm service by price.⁸ The Commission reasoned that the shipper's contracted price for firm service bears no relation to the value to the shipper at a later time of service to a secondary point, and therefore the pipelines' proposals were not consistent with allocating capacity to the highest valued use. Requests for rehearing of those orders are currently pending. In these circumstances, the Commission will permit the parties in this proceeding to submit filings addressing whether and how the Commission's orders in *Tennessee* and *Great Lakes* should affect our actions on Iroquois' filing in this case, including the extent to which the Commission should permit allocation of secondary firm capacity based on price.

15. Therefore, the Commission will accept and suspend Iroquois's proposed tariff records to be effective on July 6, 2012, subject to refund and conditions and further review and order of the Commission. The Commission will address the merits of Iroquois' proposal in a subsequent order, after considering the pleadings permitted by this order.

Suspension

16. Based upon a review of the filing, the Commission finds that the proposed tariff records have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission accepts the tariff records for filing, subject to refund, and suspends their effectiveness for the period set forth below, subject to the conditions set forth in this order.

17. It is the Commission's policy generally to suspend rate filings for the maximum period permitted by statute if preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards.⁹ It is also recognized however, that shorter suspensions may be warranted under circumstances in which suspension for the maximum period may lead to harsh and inequitable results.¹⁰ Such circumstances do not exist here. Therefore, the Commission will exercise its discretion to suspend the revised tariff records listed in the Appendix to this order for the maximum period to be effective July 6, 2012, subject to refund and the conditions as set forth in the body of this order and in the Ordering Paragraphs below.

⁸ *Tennessee Gas Pipeline Co.*, 135 FERC ¶ 61,208, at P 40-44 (2011) (*Tennessee*) and *Great Lakes Gas Transmission Limited Partnership*, 136 FERC ¶ 61,070, at P 20 (2011) (*Great Lakes*).

⁹ See *Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension).

¹⁰ See *Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension).

The Commission orders:

(A) The tariff records listed in the Appendix to this order are accepted and suspended, to become effective July 6, 2012, subject to refund and conditions and further review, as discussed in this order.

(B) Within 20 days of the date of this order, the parties may submit briefs, addressing whether and how the Commission's orders in *Tennessee* and *Great Lakes* should affect our actions on Iroquois' filing in this case, including the extent to which the Commission should permit allocation of secondary firm capacity based on price.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Appendix

Iroquois Gas Transmission System, L.P.

Docket No. RP12-295-000

FERC Gas Tariff

Tariff Records Accepted and Suspended Subject to Refund and Conditions and Further
Review to be Effective July 6, 2012

Sheet No. 57B, GT&C, § 4 – Nominations, Allocating & Scheduling, 3.0.0

Sheet No. 57C, GT&C, § 4 – Nominations, Allocating & Scheduling, 2.0.0

Sheet No. 57D, GT&C, § 4 – Nominations, Allocating & Scheduling, 0.0.0

Sheet No. 57E, GT&C, § 4 – Nominations, Allocating & Scheduling, 0.0.0

Sheet No. 57F, GT&C, § 4 – Nominations, Allocating & Scheduling, 0.0.0

Sheet No. 58, GT&C, § 4 – Nominations, Allocating & Scheduling, 2.0.0

Sheet No. 58A, GT&C, § 4 – Nominations, Allocating & Scheduling, 2.0.0

Sheet No. 59, GT&C, § 4 – Nominations, Allocating & Scheduling, 2.0.0

Sheet No. 59A, GT&C, § 4 – Nominations, Allocating & Scheduling, 2.0.0

Sheet No. 60E, GT&C, § 5 – Curtailment, 2.0.0

Sheet No. 60F, GT&C, § 5 – Curtailment, 2.0.0

Sheet No. 61, GT&C, § 6 – Balancing and Penalty Provisions, 2.0.0

Sheet No. 61A, GT&C, § 6 – Balancing and Penalty Provisions, 0.0.0

Sheet No. 61B, GT&C, § 6 – Balancing and Penalty Provisions, 0.0.0