143 FERC ¶ 61,026
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 8, 2013

In Reply Refer To:
East Tennessee Natural Gas, LLC
Docket No. RP13-676-000

East Tennessee Natural Gas, LLC
PO Box 1642
Houston, TX 77251-1642

Reference: Tariff Revisions – Additional Nomination Opportunities

Attention: Janice K. Devers, General Manager
Tariff and Commercial Development

Dear Ms. Devers:

1. On March 7, 2013, East Tennessee Natural Gas, LLC (East Tennessee) filed a revised tariff record[1] proposing additional nomination opportunities beyond the standard nomination timeline, set forth in North American Energy Standards Board (NAESB) Wholesale Gas Quadrant (WGQ) Standard 1.3.2, to be effective June 1, 2013. For the reasons discussed, the Commission accepts East Tennessee's proposed tariff records and suspends them to be effective the earlier of five months after the proposed June 1, 2013 effective date or further order of the Commission, subject to the conditions described below.

2. East Tennessee states that the proposed scheduling procedures are designed to better align the nomination timelines of East Tennessee and other Spectra Energy

[1] East Tennessee Natural Gas, LLC, FERC NGA Gas Tariff, East Tennessee Database 1, 15., Scheduling of Receipts and Deliveries, 3.0.0.

Corporation (Spectra Energy) entities.[2] Specifically the proposed changes allow customers to submit revised, or intra-day, nominations at any time during the gas day for the same day flow, including the ability to reduce nominations below the elapsed prorated scheduled quantity if the changes are also confirmed by the upstream and downstream parties. East Tennessee contends that it will continue to provide its current confirmation schedule in the event the more flexible procedures are not available.

3. East Tennessee notes that the proposed change will require reconfiguration of all existing meters to allow for automatic confirmation. East Tennessee further notes that its customers will have the ability to deactivate this functionality for existing meters and activate this functionality for any new meters added in the future. East Tennessee states that it will continue to provide its current confirmation schedule because it shares interconnections with other natural gas pipelines that strictly adhere to the standard NAESB confirmation timelines. East Tennessee has interconnections with two affiliate pipelines Texas Eastern Transmission and Saltville Gas Storage which are also owned by Spectra Energy. Further, East Tennessee also interconnects with non-affiliated pipelines: Tennessee Gas Pipeline, Columbia Gulf, Southern Natural Gas, Midwestern Gas Transmission, and Transcontinental Pipeline. East Tennessee explains that nominations utilizing off system points are still subject to reduction by those parties and their ability to confirm a shipper's requested nomination.

4. Public notice of East Tennessee's filing was issued on March 11, 2013. Interventions were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2012)), all timely filed motions to intervene and any unopposed motions 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. Adverse comments were filed by the East Tennessee Group (ETG).[3]

---

[2] Spectra Energy states that it owns and operates several natural gas pipeline companies as defined by the Natural Gas Act including: Algonquin Gas Transmission, LLC; Big Sandy Pipeline, LLC; Gulfstream Natural Gas, LLC; Maritimes & Northeast Pipeline, LLC; Ozark Gas Transmission, LLC; Southeast Supply Header, LLC; Texas Eastern Transmission, LLC (Texas Eastern); Steckman Ridge, LP; Bobcat Gas Storage, LLC; Egan Hub Storage, LLC; Moss Bluff Storage, LLC; and Saltville Gas Storage Company, L.L.C.

[3] According to their filing, the ETG is an ad hoc, voluntary association of jurisdictional customers of East Tennessee, each of which is engaged in the distribution of natural gas at retail.

5. On March 22, 2013 East Tennessee filed an answer to ETG's adverse comments. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2012), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept East Tennessee's answer because it has provided us with information that has assisted us in our decision-making process.

6. In its comments, ETG expresses concern that the proposed changes are designed to favor East Tennessee's affiliated pipelines over non-affiliates. ETG contends that the intended incentives could result in shippers choosing paths on East Tennessee from Texas Eastern that are either already capacity constrained or outside that shipper's contracted path on East Tennessee. ETG alleges that East Tennessee's tariff should not put the interests of its affiliated pipelines ahead of the interest of East Tennessee itself and its shippers.

7. ETG also challenges East Tennessee's "no bump" provision, which provides that East Tennessee will not schedule an intra-day or hourly nomination change if doing so would "bump" any flowing or scheduled firm service, primary or secondary.[4] ETG contends that the Commission should consider revising that provision such that the "no-bump" protection is only afforded to primary firm service. In other words, ETG proposes that a primary firm shipper should be allowed to submit an intra-day nomination that "bumps" flowing or scheduled firm secondary service. ETG contends that without such revision, the "no bump" rule renders the additional nomination opportunities that East Tennessee proposes of no use to primary firm shippers when other lower priority shippers have earlier locked in the available capacity. ETG thus contends that the purported benefits of the filing are illusory.

8. ETG argues that the Commission has already identified "no bump" rules on pipelines as a relevant issue in its Gas – Electricity Coordination policy initiative, Docket No. AD12-12-000 and that those rules will be among the subjects to be discussed at the next technical conference scheduled for April 25, 2013. ETG alleges that its experience on East Tennessee underscores that this issue needs the Commission's attention as part of the national scheduling debate.

9. East Tennessee in its answer alleges that contrary to ETG's suggestion, its proposed tariff record does not differentiate between interconnects on the basis of affiliation with interconnecting parties. East Tennessee asserts that from an operational

[4] *See* section 15.2(g) of the General Terms and Conditions of East Tennessee's FERC Gas Tariff.

and practical standpoint, its filing meant to distinguish upstream and downstream pipelines on the basis of nomination cycle flexibility. In addition, East Tennessee states that its customers are free to nominate flows that best serve their needs and may continue to select among any of the existing pipeline interconnects. Further, East Tennessee clarifies that because certain non-affiliated interconnecting pipelines, including Southern Natural Gas Company, Transcontinental Pipeline, and Tennessee**,** allow for nominations outside the NAESB timeline, customers may still schedule their gas on East Tennessee during the new proposed cycles even if their gas is received from, or delivered to, one of these non-affiliated, interconnecting parties. East Tennessee contends that its customers will be assured their gas is scheduled on the East Tennessee system once the interconnecting party completes the confirmation process or in accordance with the interconnecting party's current practices.

10. On the "no bump" rule issue, East Tennessee notes that it is not proposing any changes to the "no bump" priority of service provision in its tariff, and contends that any revisions to its "no bump" tariff provision would be inappropriate in this proceeding. East Tennessee alleges that its "no bump" priority of service provision implements established Commission policy which has been in place for 15 years.[5] East Tennessee alleges that the Commission has declined to revise its "no bump" policy to change the priority of previously scheduled firm capacity to secondary points, given the potential effects of such a change including, "potentially reducing the ability of shippers to obtain released capacity and to use that capacity at secondary points."[6]

11. We find that the proposed additional nomination opportunities are generally consistent with the Commission's policy that pipelines may provide additional nomination opportunities beyond the standard nomination timeline.[7] Further, East Tennessee's tariff provides adequate "bump" protections for primary and secondary firm

---

[5] *Standard for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587-G, 63 Fed. Reg. 20,072 (April 23, 1998), FERC Stat. and Regs.*, Regulations Preambles 1996-2000* ¶ 31,062 (1998).

[6] Order No. 587-G, FERC Stats. & Regs. ¶ 31,062 at 20,072.

[7] *Gulf South Pipeline Co., LP*, 141 FERC ¶ 61,262 (2012); *Florida Gas Transmission Co., LLC*, 141 FERC ¶ 61,161 (2012); *Texas Gas Transmission LLC*, 137 FERC ¶ 61,093 (2011); *order on compliance*, 138 FERC ¶ 61,176 (2011); *El Paso Natural Gas Co*., 114 FERC ¶ 61,305 (2006); *Tennessee Gas Pipeline Co*., 104 FERC ¶ 61,063 (2003); *Reliant Energy Gas Transmission Co*., 93 FERC ¶ 61,141 (2000).

shippers in accordance with Commission policy. ETG's suggestions to revise the scheduling priority afforded to primary firm and secondary firm customers are beyond the scope of this proceeding.

12. We also reject the claim that East Tennessee's proposal would favor East Tennessee's affiliates. East Tennessee's nomination enhancement is offered equally to all shippers taking service under any of East Tennessee's rate schedules at no cost. Moreover, as East Tennessee notes in its answer, its proposal does not limit the additional nomination opportunities to transactions on affiliated interconnecting pipelines, and it welcomes nominations to pipelines with similarly flexible nomination cycles. Thus, we are not persuaded that additional nomination opportunities proposed would create an undue preference for East Tennessee and its affiliate pipelines owned or operated by Spectra Energy.

13. We also find, however, that East Tennessee's filing fails to address how its proposal aligns with the Commission's regulations regarding bumping of interruptible shippers. Specifically East Tennessee's proposed section 15.2(g) Bump Protection, is vague as to when interruptible shippers may be bumped under the proposal, whether bumping can occur after the Intra-day 2 cycle, and what advance notice will be provided to shippers bumped because of a nomination change made outside the traditional timeline, as required by §284.12(b)(1)(i)(A) of our regulations.[8] Accordingly, we accept and suspend East Tennessee's proposed tariff records effective the earlier of five months or further order of the Commission, subject to East Tennessee filing revised tariff records within 15 days of this order that clarify its policy with respect to bumping of interruptible service, as discussed above.

14. The Commission's policy is that tariff rate filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or inconsistent with other statutory standards.[9] It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh

---

[8] Compare the "no-bump" provisions of East Tennessee's affiliates, Texas Eastern Transmission, LP (Texas Eastern) and Algonquin Gas Transmission, LLC (Algonquin), which provide specifically that the pipelines will not bump nominated and scheduled interruptible service during or after the Intra-day 2 Nomination Cycle. Texas Eastern FERC Gas Tariff, General Terms and Conditions, section 4.1(J); Algonquin FERC Gas Tariff, General Terms and Conditions, section 23.3.

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

and inequitable results.[10] Such circumstances do not exist here. Therefore, the Commission shall exercise its discretion to suspend the proposed tariff sheets to be effective the earlier of November 1, 2013 or further order of the Commission, subject to the conditions discussed herein.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

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