



**Federal Energy Regulatory Commission
November 21, 2013
Open Commission Meeting
Staff Presentation
Order No. 787**

“Good morning Mr. Chairman and Commissioners.

“Last Friday, the Commission issued Order No. 787, a Final Rule that expressly authorizes the sharing of non-public, operational information between interstate natural gas pipelines and electric transmission operators. The revised regulations will help maintain the reliability of interstate pipeline and public utility transmission service by permitting transmission operators to share information with each other that they deem necessary to promote the reliability and integrity of their systems. The Final Rule adopts the regulations proposed in the Notice of Proposed Rulemaking (NOPR) without modification. The communications allowed in this rule will help ensure that electric transmission operators maintain grid reliability and that interstate natural gas pipelines meet the contractual and operational obligations of all of their shippers. The Commission recognized that the informational needs of system operators vary by region and, therefore, a specific and exhaustive list of permissive communications that may be relevant in one region may not address the communications and operational needs of transmission operators in another region.

“Accordingly, in adopting the proposed regulations, the Commission is permitting the communication of a broad range of information to provide flexibility to individual transmission operators, who have the most insight and knowledge of their systems, to share that information which they deem necessary to promote reliable service on their systems.

“The Commission also adopted the proposed No-Conduit Rule, without modification, to provide additional protections against undue discrimination and ensure that the non-public, operational information shared under the rule remains confidential. The No-Conduit Rule prohibits recipients of the non-public, operational information communicated pursuant to the Final Rule from subsequently disclosing, or using anyone as a conduit for the disclosure of, that information to a third party or a marketing function employee. The Final Rule states, however, that the No-Conduit Rule applies only to the information that an interstate natural gas pipeline or an electric transmission operator exchange pursuant to this Final Rule. Therefore, the No-Conduit Rule does not affect current communications among natural gas pipelines, local distribution companies and gatherers regarding conditions affecting gas flows between these physically-interconnected parties. Nor does it affect communications between transmission system operators and load serving entities.

“The Commission found that the nature and scope of non-public, operational information that may expressly be shared under the Final Rule warrants limiting the blanket authorization of the exchange of such information to interstate natural gas pipelines and public utilities subject to the Commission’s jurisdiction. The Commission clarified, however, that Order No. 787 does not prohibit electric transmission operators from sharing non-public, operational information received from a pipeline pursuant to this Final Rule with local distribution companies, if separately authorized by the Commission.

“The Final Rule will take effect thirty days after publication in the Federal Register. This concludes our presentation, we are happy to take any questions you may have.”