

152 FERC ¶ 61,030
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Philip D. Moeller, Cheryl A. LaFleur,
Tony Clark, and Colette D. Honorable.

In re Coral Energy Resources, L.P.

Docket No. IN05-5-000

ORDER MODIFYING STIPULATION AND CONSENT AGREEMENT

(Issued July 14, 2015)

1. The Commission approves an Addendum to the Stipulation and Consent Agreement (Settlement Agreement) approved by the Commission on March 3, 2005, between the Office of Market Oversight and Investigations (OMOI), now the Office of Enforcement (Enforcement), and Coral Energy Resources, L.P., now Shell Energy North America (Shell Energy).¹ The approved Addendum relieves Shell Energy of the requirement in Paragraph 3(a) of the Settlement Agreement's Remedies section that it give the Commission advance notification if it decides to modify the Price Reporting Procedures it adopted in November 2004 to ensure the accuracy of the pricing information it provides to firms that report such information. The Addendum does not change the separate requirement that Shell Energy give the Commission advance notification if it decides to terminate the Price Reporting Procedures. This order is in the public interest because it ensures that Shell Energy will continue to have procedures in place to ensure the accuracy of the pricing information it makes publicly available while relieving it of an administrative requirement that no longer contributes to achieving that purpose.

2. Under the Settlement Agreement, Coral was required to implement a number of compliance measures to ensure the accuracy of the pricing data it provides to reporting firms, including: (i) to ensure that its then-newly designated Compliance Officer, who was responsible for assuring Coral's compliance with all terms of its Price Reporting Procedures, have all necessary and appropriate independence and authority to execute the Compliance Officer's duty to train all Coral employees regarding compliance with the Price Reporting Procedures; (ii) to create a task force to develop and implement a "best in

¹ *Coral Energy Resources, L.P.*, 110 FERC ¶ 61,205 (2005).

class” regulatory compliance model using an expert consultant approved by OMOI; (iii) to maintain a Hotline for taking anonymous reports of infractions of the Price Reporting Procedures, Market Behavior Rules, Standards of Conduct, and any other Commission rule or order; (iv) to have an independent audit of its compliance with the Price Reporting Procedures for 2005; and (v) to maintain its pricing data for five years after its submission to the reporting entities.

3. Paragraph 3(a) of the Remedies section of the Settlement Agreement states:

Except as provided herein, the Coral Energy Holding, L.P. and Subsidiaries Natural Gas and Power Price Reporting Procedures dated 11/29/04 (“Price Reporting Procedures”), including any modifications contained herein, will remain in effect and will not be terminated or modified in any way without prior notification to the Commission.

4. Since entering into the Settlement Agreement in 2005, Shell Energy has demonstrated its compliance with its Price Reporting Procedures, and Enforcement has received no report from any source suggesting that Shell Energy or its predecessor has reported inaccurate pricing data. Furthermore, audits performed by Commission staff confirm Shell Energy’s implementation of all other requirements of the Settlement Agreement and the accuracy of the pricing data that Shell Energy provides. Shell Energy represents that since entering into the Settlement Agreement there have been no substantive modifications of its Price Reporting Procedures, and that it currently has no intention to make any such modification in the future.

5. Shell Energy and Enforcement agree that with respect to modifications of Shell Energy’s Price Reporting Procedures, the notification requirement no longer contributes to Shell Energy’s compliance with the separate requirement that it provide accurate pricing information, and, further, that it is no longer necessary to protect the Commission’s interest in ensuring such accuracy.

6. The Addendum to the Settlement Agreement provides that Shell Energy is no longer required to notify the Commission before Shell Energy modifies its Price Reporting Procedures. All other requirements of the Commission’s order approving the Settlement Agreement remain in effect; this includes, specifically, the requirement that Shell Energy maintain Price Reporting Procedures (however titled) and not terminate them without prior notification to the Commission.

7. We conclude that the proposed Addendum is not inconsistent with the intent of the Settlement Agreement and is in the public interest: It leaves in place the requirement that Shell Energy notify the Commission in advance if it plans to terminate its use of the Price Reporting Procedures while removing a requirement that imposes an administrative

burden that is no longer necessary to protect the Commission's interest in ensuring the accuracy of the pricing information that Shell Energy publicly reports.

The Commission orders:

(A) The Commission approves in its entirety and without modification the attached Addendum to the Settlement Agreement between OMOI, now the Office of Enforcement, and Coral, now Shell Energy.

(B) The Settlement Agreement is modified to remove the requirement in Section IV, Paragraph 3(a) that Shell Energy notify the Commission in advance if Shell Energy's Price Reporting Procedures are "modified in any way."

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

In re Coral Energy Resources, L.P.

Docket No. IN05-5-000

Addendum to Stipulation and Consent Agreement

On March 3, 2005, the Commission issued an Order Approving a Stipulation and Consent Agreement (Settlement Agreement) between Coral Energy Resources, L.P. (Coral)¹ and the Office of Market Oversight and Investigations (OMOI), the predecessor to the current Office of Enforcement, entered into by the parties on February 18, 2005, regarding the accuracy of information about physical natural gas transactions that Coral provided to the firms that publicly reported transaction (pricing) data. 110 FERC ¶ 61,205 (2005). Paragraph 3(a) of the Settlement Agreement's Remedies section included the following provision:

Except as provided herein, the Coral Energy Holding, L.P. and Subsidiaries Natural Gas and Power Price Reporting Procedures dated 11/29/04 ("Price Reporting Procedures"), including any modifications contained herein, will remain in effect and will not be terminated *or modified in any way* without prior notification to the Commission *Id.* at P 14 (emphasis supplied).

Shell Energy represents that it has met its notification obligation regarding modifications to its Price Reporting Procedures; that it has made no substantive modification to its Price Reporting Procedures since the Commission issued its 2005 order; and that it currently has no intention to make any such modification in the future. Furthermore, Enforcement and Shell Energy agree that Shell Energy has demonstrated its compliance with its Price Reporting Procedures. For these reasons, they further agree that continuing to require Shell Energy to provide prior notification each time it modifies its Price Reporting Procedures no longer furthers Shell Energy's compliance with the separate requirement that it provide accurate pricing information through its Price Reporting Procedures and is no longer necessary to protect the Commission's interest in ensuring such accuracy.

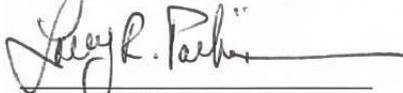
Accordingly, pursuant to this Addendum to the Settlement Agreement, Shell Energy is no longer required to notify the Commission before Shell Energy modifies its Price Reporting Procedures. All other requirements of the Commission's order approving the Settlement Agreement remain in effect, specifically the requirement that Shell Energy's Price Reporting

¹ At the time of the Settlement Agreement in 2005, Coral Energy Resources was a subsidiary of Coral Energy Holding, L.P., which, in turn, was a wholly-owned, indirect subsidiary of Shell Oil Company. In 2008, Coral Energy Holding was renamed Shell Energy North America (Shell Energy), and Coral Energy Resources was merged into that company. Shell Energy, as the successor to Coral Energy Resources, is the entity requesting the modification of the Commission's order.

Procedures (however titled) remain in effect and that their operation shall not be terminated without prior notification to the Commission.

Upon approval by the Commission of this Addendum to the Settlement Agreement, Shell Energy shall no longer be required to notify the Commission before modifying its Price Reporting Procedures.

Agreed to and accepted:



Larry R. Parkinson
Director
Office of Enforcement
Federal Energy Regulatory Commission
Date: 6-10-15



B. F. Everts,
President,
Shell Energy North America (US), L.P.
Date: 6/9/15