

152 FERC ¶ 61,154
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

August 26, 2015

In Reply Refer To:
Pine Needle LNG Company, LLC
Docket No. RP12-1086-002

Pine Needle LNG Company, LLC
P.O. Box 1396
Houston, TX 77251-1396

Attention: Julie Pradel, Senior Counsel

Dear Ms. Pradel:

1. This order addresses Pine Needle LNG, LLC's (Pine Needle) request for clarification of the Commission's Order on Filings in Compliance with Order No. 587-V,¹ which denied Pine Needle's request for waiver of certain North American Energy Standards Board (NAESB) Wholesale Gas Quadrant (WGQ) Standards. For the reasons discussed below, the Commission grants the request for clarification filed by Pine Needle.

2. On July 19, 2012, the Commission issued Order No. 587-V in which it incorporated by reference into its regulations Version 2.0 of the NAESB WGQ Standards.² In Order No. 587-V, the Commission also directed natural gas pipelines to file tariff sheets reflecting the changed standards by October 1, 2012, to take effect on December 1, 2012.

3. On September 27, 2012 (September 27 filing), in Docket No. RP12-1086-000, Pine Needle filed revised tariff records in compliance with Order No. 587-V. Pine Needle's September 12 filing also requested continuation of its waiver of NAESB

¹ *Standards for Business Practices for Interstate Natural Gas Pipelines*, Order on Filing in Compliance with Order No. 587-V, 141 FERC ¶ 61,167 (2012) (*NAESB Basket Order*).

² *Standards for Business Practices for Interstate Natural Gas Pipelines*, Order No. 587-V, 140 FERC ¶ 61,036 (2012) (Order No. 587-V).

WGQ Standards 2.4.9 through 2.4.16, which relate to the posting of imbalances and request for trades. In support of the waiver request, Pine Needle asserted that its tariff does not contain a cash out mechanism for imbalance resolution and that the Commission had previously granted Pine Needle waiver of the requirement to net and trade imbalances.

4. In the *NAESB Basket Order*, the Commission accepted Pine Needle's tariff sheets to become effective as proposed subject to certain conditions. Specifically, the Commission denied Pine Needle's request for waiver of certain NAESB WGQ Standards pertaining to the netting and trading of imbalances (i.e., 2.4.9 through 2.4.16) and directed Pine Needle to file revised tariff records to incorporate those standards in its tariff.³

5. On December 13, 2012, in Docket No. RP12-1086-001, Pine Needle submitted revised tariff records in compliance with the Commission's *NAESB Basket Order*. On April 15, 2013, in Docket No. RP12-1086-001, the Commission accepted Pine Needle's compliance filing.⁴

6. In Docket No. RP12-1068-000, Pine Needle sought clarification of the Commission's *NAESB Basket Order*. In its request for clarification, Pine Needle states that it seeks clarification of the Commission's statement in the *NAESB Basket Order* that "Pine Needle's tariff provides a mechanism to trade imbalances."⁵ Pine Needle asserts that shippers on its system do not incur imbalances and are not assessed imbalance penalties because its tariff does not contain imbalance provisions. As a result, in 2000, Pine Needle states the Commission determined that Pine Needle qualified for an exemption from the Commission's imbalance netting and trading requirements and did not require Pine Needle to implement imbalance netting and trading mechanism.⁶ Therefore, Pine Needle requests that the Commission grant clarification and acknowledge that its tariff does not provide a mechanism to trade imbalances.

³ See *NAESB Basket Order*, 141 FERC ¶ 61,167 at 13 (denying waiver of NAESB WGQ Version 2.0 Standards 2.4.9 through 2.4.16).

⁴ *Pine Needle LNG Company, LLC*, Docket No. RP12-1086-001, at 2 (April 15, 2013) (delegated letter order).

⁵ Pine Needle Clarification at 2 (citing *NAESB Basket Order*, 141 FERC ¶ 61,167 at 13).

⁶ Pine Needle Clarification at 2 (citing *Pine Needle LNG Co.*, 93 FERC ¶ 61,093, at 61,239 (2000)).

7. The Commission grants Pine Needle's clarification request and confirms that Pine Needle's tariff does not provide for a mechanism to trade imbalances. However, this clarification does not change the Commission's decision requiring Pine Needle to incorporate NAESB WGQ Standards 2.4.9 through 2.4.16 related to the posting of imbalance and requesting for trades. The Commission requires Pine Needle to incorporate the above standard by reference although Pine Needle's tariff does not contain imbalance provisions.⁷ The Commission has stated that pipelines are required to incorporate such standards in their tariff in the event that the pipeline offers such services in the future. However, as long as shippers on Pine Needle do not incur imbalances and are not assessed imbalance penalties, Pine Needle is not required to implement these standards.⁸

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁷ See e.g., *Standards for Business Practices for Interstate Natural Gas Pipelines*, Order on Filing in Compliance with Order No. 587-U, 133 FERC ¶ 61,096, at P 9 (2010) (As an example, Standard 4.3.96 requires pipelines to provide hourly gas quality information "to the extent that the TSP is required to do so in its tariff or general terms and conditions, a settlement agreement, or by order of an applicable regulatory authority." A pipeline that does not provide hourly gas quality information, therefore, does not require a waiver or extension of time for compliance with this standard, because the standard imposes no obligation on the pipeline to comply with the standard until it provides hourly gas quality information. In such a case, as long as the pipeline does not perform the business function, it is not required to follow the standard and hence requires no waiver or extension of time. If, however, the pipeline revises its tariff to perform the business function, the standard(s) will already be in the tariff and the pipeline will be required to comply with the standard(s)).

⁸ Because the Commission has previously accepted Pine Needle's tariff records filed in compliance with the *NAESB Basket Order*, no further action is required by Pine Needle to comply with this order.