

153 FERC ¶ 61,112
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.

Maritimes & Northeast Pipeline, L.L.C.

Docket No. RP15-1278-000

ORDER ACCEPTING TARIFF RECORDS SUBJECT TO CONDITIONS

(Issued October 29, 2015)

1. On September 17, 2015, Maritimes & Northeast Pipeline, L.L.C. (Maritimes) filed revised tariff records¹ to include a *pro forma* Operational Balancing Agreement (OBA) and make certain other conforming changes to its tariff to facilitate the establishment of standard processes for execution and administration of OBAs. Maritimes proposes November 1, 2015 as the effective date. Maritimes' revised tariff records are accepted to be effective November 1, 2015, subject to the conditions set forth in this order.

I. Description of the Filing

2. An OBA is a contract between the pipeline and the operator of interconnecting facilities, such as another pipeline, specifying the procedures to be used in processing differences between the quantities scheduled to flow at the interconnection subject to the OBA and actual flows at that point. An OBA at an interconnection ensures that once a shipper has scheduled gas at that location and had its gas confirmed by the pipeline, the shipper will be allocated its scheduled quantity at that location and will not be subjected to imbalances or any imbalance penalties resulting from differences between scheduled gas quantities and actual physical deliveries at that location. Rather, any difference between scheduled and measured quantities at points covered by an OBA belongs to the point operator at that point.

¹ See appendix.

3. In Order No. 587-G, the Commission adopted section 284.12(b)(2)(i) of its regulations, requiring interstate pipelines to enter into OBAs at all interstate and intrastate pipeline interconnects.² The Commission also encourages pipelines to negotiate OBAs with point operators at other interconnections.³ While Maritimes has negotiated OBAs with pipelines and other operators of interconnecting facilities at many points on its system, Maritimes' current tariff does not include a *pro forma* OBA.

4. In this filing, Maritimes proposes to add a *pro forma* OBA to Part 7, Form of Service Agreements, of its tariff. Maritimes states that Article 1 of the *pro forma* OBA describes the operational parameters and imbalance resolution procedures agreed upon by the OBA parties. Maritimes further states that section 1.1 provides that, prior to the effective date and time of flow at each location, the parties will confirm nominations electronically unless otherwise agreed by the parties. Section 1.2 defines the difference between the total actual physical flow of natural gas at a location and the total scheduled quantities at that location as the "Daily Operational Imbalance." The sum of all unresolved Daily Operational Imbalances is defined as the "Cumulative Operational Imbalance." Maritimes states that section 1.2 provides that the parties shall eliminate these imbalances pursuant to the OBA.

5. In addition, Maritimes states that section 1.3 describes the calculation of the Cumulative Operational Imbalances and declares that such imbalance shall be calculated by the party responsible for measurement at the location no later than the tenth (10th) day of the following month. Maritimes also states that section 1.4 addresses the resolution of the Cumulative Operational Imbalance and provides two options for that resolution: cash-out pursuant to section 11.6 of Maritimes' General Terms and Conditions (GT&C) or in-kind receipt or delivery of gas.

6. In addition, Maritimes states that Article 2 of the *pro forma* OBA defines the term of the OBA, details the conditions under which the OBA can be terminated by either party, and describes the process for the resolution of imbalances that remain upon the termination date of the OBA. Maritimes also states that section 2.1 addresses the resolution of the Cumulative Operational Imbalance upon the termination of the OBA and again provides two options for the language that will be included in an executed OBA based on the imbalance resolution method (cash-out pursuant to the tariff or in-kind receipt or delivery of gas) agreed upon by the parties. Exhibit 1 to the OBA identifies the location(s) to which the OBA will be applicable.

² *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587-G, FERC Stats. & Regs. ¶ 31,062, at 30,677-80 (1998) (Order No. 587-G), *order on reh'g*, Order No. 587-I, FERC Stats. & Regs. ¶ 31,067 (1998).

³ *Transcontinental Gas Pipe Line Co., LLC*, 139 FERC ¶ 61,159, at P 3 (2012).

7. Maritimes also proposes to make certain conforming tariff changes to facilitate the establishment of standard processes for execution and administration of OBAs. As part of these revisions, Maritimes proposes to modify GT&C section 3.1(a) to reflect that parties desiring to execute an OBA in the form contained in the tariff must submit the request for such agreement electronically via the LINK® System. Maritimes proposes to modify GT&C section 3.3(a) to reflect that all OBAs and all amendments to OBAs that are executed in the form contained in the tariff must be executed electronically via the LINK® System. Maritimes proposes to further modify GT&C section 3.3(a) to reflect that OBAs and amendments to OBAs that are executed in a form other than the *pro forma* OBA contained in the tariff must be executed in writing.

8. Maritimes proposes to modify GT&C section 11.8(a) to reflect that the OBA executed by Maritimes and the OBA Party will be in the form of the *pro forma* OBA, with the exception that OBAs at interconnections with interstate or intrastate pipelines may be executed in another mutually agreeable form. Maritimes states that this exception for OBAs at pipeline interconnections recognizes that both pipelines may have a *pro forma* OBA in their respective tariff and allows the pipelines to mutually agree upon the terms and provisions for an OBA that best fits the operating characteristics of the applicable pipeline interconnection.

9. Notice of Maritimes' filing was issued on September 21, 2015. Interventions and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2015). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2015), all timely filed unopposed 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 this proceeding or place additional burdens on existing parties. No adverse comments or protests were filed.

II. Commission Determination

10. The Commission finds that Maritimes' revised tariff records are reasonable and consistent with Commission policy, subject to the conditions set forth below. Therefore, Maritimes' revised tariff records are accepted to be effective November 1, 2015, subject to conditions.

11. Maritimes has presented an adequate justification for its filing. Maritimes filing includes a *pro forma* OBA as well as certain other conforming changes that Maritimes asserts will facilitate the establishment of standard processes for execution and administration of OBAs. While the Commission does not require pipelines to include *pro forma* OBAs in their tariff, the Commission has permitted other pipelines to include such *pro forma* agreements in their tariffs.⁴ As Maritimes states, use of a *pro forma* OBA

⁴ *Transwestern Pipeline Co., LLC*, 132 FERC ¶ 61,052 (2010).

is a reasonable means of increasing the transparency of such agreements and minimizing undue discrimination.

12. However, the Commission finds that one aspect of Maritimes' proposal must be modified in order for it to be just and reasonable. Section 1.4 of Maritimes' proposed *pro forma* OBA provides alternative language depending upon whether the parties agree to resolve Cumulative Operational Imbalances using (1) the cash-out provisions in GT&C section 11.6 or (2) in-kind receipt or delivery of natural gas. Maritimes also proposes that if a party chooses to resolve its Cumulative Operational Imbalance using the cash-out provisions in GT&C section 11.6, thus qualifying as a "Cash-out Imbalance Party," that party may also net and trade imbalances under GT&C 11.4 and 11.5, thus minimizing the remaining imbalance to be cashed out under GT&C section 11.6. However, if a party chooses in-kind resolution of imbalances it will not qualify as a "Cash-out Imbalance Party" and therefore will not be eligible to net and trade imbalances.

13. Section 284.12(b)(2)(ii) of the Commission's regulations⁵ requires pipelines to establish provisions permitting shippers and their agents to net and trade all imbalances that have a similar operational impact on the pipeline's system. As the Commission stated in Order No 587- G:

Permitting shippers to trade imbalances in the same operational area enables shippers to avoid imbalance charges without jeopardizing system reliability. When individual shipper imbalances offset each other, the pipeline as a whole is in balance.⁶

This is true regardless of whether any remaining imbalance after netting and trading is resolved through a cash-out or in-kind methodology. Therefore, our acceptance of Maritimes' filing is subject to the condition that Maritimes file revised tariff records, within thirty days of the date of this order, permitting netting and trading when the in-kind imbalance resolution methodology is utilized.

⁵ 18 C.F.R. § 284.12(b)(2)(ii) (2015).

⁶ Order No. 587-G, FERC Stats. & Regs. ¶ 31,062 at 30,677.

The Commission orders:

(A) The revised tariff records listed in the Appendix are accepted to be effective November 1, 2015, subject to the conditions set forth in this order.

(B) Maritimes is directed to file revised tariff records, within thirty days of the date of this order, permitting netting and trading, as discussed above.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Appendix

**Maritimes & Northeast Pipeline, L.L.C.
FERC NGA Gas Tariff
Maritimes Database 1**

Tariff Records Conditionally Accepted Effective November 1, 2015

[3., Service Requests and Contracting for Service, 3.0.0](#)

[11., Balancing, 4.0.0](#)

[12., Operational Balancing Agreement, 0.0.0](#)

[12.1., Exhibit 1 to Operational Balancing Agreement, 0.0.0](#)