

153 FERC ¶ 61,321
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Venice Gathering System, L.L.C.

Docket No. RP16-62-000

ORDER DENYING REQUEST FOR EXTENSION OF TIME

(Issued December 18, 2015)

1. On October 19, 2015, Venice Gathering System, L.L.C. (Venice) filed a request for an extension of time until August 1, 2016 to file Venice's compliance filing to comply with the requirements established in Order Nos. 587-W¹ and 809² as well as an extension until October 1, 2016 to comply with the revised business practice standards the Commission incorporated by reference in those rules. Venice's request for an extension of time is denied without prejudice to Venice making a revised request for an extension as discussed below.

I. **Background**

2. On April 16, 2015, the Commission issued Order No. 809, a final rule amending the Commission's regulations to incorporate by reference standards developed and filed by the North American Energy Standards Board (NAESB) relating to the scheduling of transportation service on interstate natural gas pipelines to better coordinate the scheduling practices of the wholesale natural gas and electric industries, as well as to provide additional scheduling flexibility to all shippers on interstate natural gas pipelines.

¹ *Standards for Business Practices of Interstate Natural Gas Pipelines; Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Order No. 587-W, 80 Fed. Reg. 67,302 (Nov. 2, 2015), FERC Stats. & Regs. ¶ 31,373 (2015), (cross-referenced at 153 FERC ¶ 61,061) (Order No. 587-W).

² *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, 80 Fed. Reg. 23,198 (Apr. 24, 2015), FERC Stats. & Regs. ¶ 31,368 (2015) (cross-referenced at 151 FERC ¶ 61,049) (Order No. 809).

In Order No. 809, the Commission revised the nationwide Timely Nomination Cycle nomination deadline for scheduling natural gas transportation from 11:30 a.m. Central Clock Time (CCT) to 1:00 p.m. CCT and revised the intraday nomination timeline, to include adding an additional intraday scheduling opportunity during the gas operating day (Gas Day). The Commission required interstate natural gas pipelines to comply with the revised NAESB standards incorporated in that rule beginning on April 1, 2016.³ In addition, the Commission required pipelines to file tariff records to reflect the changed standards by February 1, 2016.⁴

3. On October 16, 2015, the Commission issued Order No. 587-W, a final rule amending its regulations to incorporate by reference the latest version (Version 3.0) of seven business practice standards adopted by the Wholesale Gas Quadrant (WGQ) of NAESB applicable to interstate natural gas pipelines. These updated business practice standards contain and supplement the revisions to the NAESB scheduling standards previously accepted by the Commission in Order No. 809 as part of the Commission's efforts to harmonize gas-electric scheduling coordination. In addition, the updated standards revise the codes used to identify receipt and delivery locations in the "Index of Customers." Further, for consistency with the revisions to the Index of Customers, the Commission amended its regulations by making conforming changes to the regulations on interstate natural gas pipeline filings and postings. These changes are required to be implemented on April 1, 2016, and the interstate natural gas pipelines must file tariff records to reflect the changed standards by February 1, 2016. These implementation dates were picked to coincide with the previously established implementation dates set in order No. 809 so that pipelines could save expenses by making a single tariff filing covering both Order Nos. 809 and 587-W.

4. On October 19, 2015, Venice filed the instant request for an extension, seeking both an extension of the requirement to make a compliance filing revising its tariff to take note of the revised business practice standards it must comply with as well as an extension to the date by which it must begin to comply with these revised standards. Venice submits that good cause exists to grant its requests. Specifically, Venice states that its primary operations software is the Altra GTMS software platform provided by the software company SunGard. To implement the requirements set forth in the Version 3.0 Standards, SunGard has informed Venice that it will issue one or more software updates for installation on Venice's Altra GTMS platform. Venice states that it is dependent on SunGard providing these software updates to achieve compliance with the Version 3.0 Standards.

³ Order No. 809 at P 168.

⁴ *Id.*

5. Venice further states that it has been advised by SunGard that SunGard can upgrade the Altra GTMS platform through a single software update, but it will not be able to do so in time to meet the April 1, 2016 effective date and will require an extension until October 1, 2016 to ensure the system upgrades are fully implemented. Venice adds that it has been advised by SunGard that SunGard can only meet the April 1, 2016 deadline by upgrading the Altra GTMS platform through multiple software updates, which will substantially increase Venice's total upgrade costs. Venice argues that these increased costs would be nearly prohibitive, as neither Venice nor its customers can economically bear the increased costs under the current market conditions.

6. Venice further explains that, to meet the April 1, 2016 compliance effective date, it would need to incur the substantial additional software upgrade costs described above. Venice describes itself as a small pipeline system with limited and declining throughput, and any increase in system costs acutely impacts the rates shippers pay. Venice points out that it recently filed a Natural Gas Act Section 4 rate case in which it is seeking to recover costs incurred during the test period associated with the software upgrades discussed in this motion. However, Venice did not include in its Section 4 filing the substantially increased costs that would need to be incurred to achieve compliance by April 1, 2016.

7. Given that a limited extension of time would enable Venice to avoid the additional software upgrade costs described above, Venice asserts that an extension is in the best interest of both Venice and its customers. Venice argues that, in similar circumstances, the Commission has granted extensions to comply with its orders incorporating NAESB standards. Therefore, it asserts that there is good cause to grant its requested extension of time. In addition, Venice requests that the Commission act on its motion by no later than December 18, 2015. It argues that expedited action is necessary in this case to provide Venice with certainty with respect to its compliance timeline and costs for the above-described software updates, and to ensure that it and its software vendor will have enough time to implement the required changes. Given the prohibitively high costs associated with the expedited software updates, Venice states it will not proceed to incur the additional costs associated with an April 1, 2016 compliance date unless the Commission declines to grant the requested time extension.

II. Notice of Filing

8. Public notice of the filing was issued on October 20, 2015. Interventions and protests were due on or before November 2, 2015. No protests or adverse comments were filed.

III. Discussion

9. The Commission has reviewed Venice's request for an extension of time and finds that Venice has failed to provide good cause for the Commission to grant its request.

Accordingly, as explained further below, we will deny this request as currently constituted. Further, as also discussed further below, we make this finding without prejudice to Venice filing a revised request for an extension.

10. The revised business practice standards implemented by Order No. 809, especially those changing the timely nomination cycle and the intra-day nomination cycles, will have a significant impact on the scheduling timeline for the natural gas industry. If Venice does not implement these standards to be effective April 1, 2016 they will have a nomination schedule inconsistent with that of the rest of the industry, potentially increasing the administrative requirements of its shippers and potentially leading to confirmation problems with interconnected pipelines. Venice does not address how it proposes to handle these dichotomies. In another proceeding in Docket No. RP16-205-000, being decided simultaneously with this request, the Commission granted Equitrans L.P.'s application for a waiver of the electronic standards in Version 3.0 standards, because it had developed a work-around to assure timely compliance with the business practice standards of Order No. 809.

11. Venice argues that, when the Commission issued Order No. 587-W, it had already made arrangements to develop and install software and argues it would be inefficient and cost prohibitive for it to make its software upgrades in two steps or for it to complete all of the work in time to timely meet the directives in Order Nos. 809 and 587-W in one step. We find this explanation inadequate to justify the requested compliance time extensions. Order No. 809 was issued on April 16, 2015, which provided adequate time for implementation and gave pipelines 8½ months from issuance of the order until the compliance filing was due and 11½ months from issuance of the order until the compliance with the standards was due. The standards adopted in Version 3.0 consisted primarily of the same standards previously adopted in Order No. 809, with only minor exceptions, principally the changes related to locational codes.⁵ Given the importance of ensuring a coordinated scheduling timeline across the national pipeline grid, we cannot agree that the business practice standards adopted in Order No. 809 should be delayed to accommodate the relatively minor changes adopted in Order No. 587-W.

12. Additionally, Venice's request fails to specify the specific standards for which it seeks an extension of time. Many of the standards, including some of the electronic standards, incorporated by reference in the NAESB WGQ's Version 3.0 Business Practice Standards are unchanged from the prior version of the standard. If Venice

⁵ As explained in *Equitrans LP*, Docket No. RP16-205-000, a letter order that the Commission is issuing concurrently with this order, compliance with the revisions to the Index of Customers can be accomplished without major software changes.

makes a revised request for an extension, it needs to identify those standards (by standard number) for which it requests an extension.⁶

The Commission orders:

Venice's request for extension is hereby denied, as discussed in the body of this order. This denial is without prejudice to Venice filing a new request for an extension as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁶ See Order No. 587-W at P 42 (pipelines requesting extensions of time must include in their tariff a statement identifying any standards for which the pipeline has been granted a waiver, extension of time, or other variance with respect to compliance with the standard).