

154 FERC ¶ 61,058
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. RP16-360-000

ORDER GRANTING REQUEST FOR EXTENSION OF TIME

(Issued January 29, 2016)

1. On January 5, 2016, Venice Gathering System, L.L.C. (Venice) filed a revised 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. As discussed below, we will grant Venice's revised request for an extension of time.

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. 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

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).

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).

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 to allow pipelines to save by making a single tariff filing covering both Order Nos. 809 and 587-W.

4. On October 19, 2015, Venice filed a request for an extension of time to comply with the requirements established in Order Nos. 587-W and 809 and of the business practice standards incorporated by reference in those rules. The Commission denied that request on December 18, 2015, without prejudice to Venice filing a revised request for an extension.⁵ In the December 18, 2015 Order, the Commission found that Venice had failed to provide good cause for the Commission to grant its request, because: (1) Venice did not address how it proposes to assure timely compliance with the business practice standards adopted in Order No. 809; and (2) Venice's request failed to specify the specific standards for which it sought an extension of time.

³ Order No. 809, FERC Stats. & Regs. ¶ 31,368 at P 168.

⁴ *Id.*

⁵ *Venice Gathering System, L.L.C.*, 153 FERC ¶ 61,321 (2015) (December 18, 2015 Order).

5. On January 5, 2016, Venice filed the instant revised 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, as well as an extension of the date by which it must begin to comply with these revised standards. Venice maintains that good cause exists to grant its request. 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, particularly as they apply to electronic processes, SunGard has informed Venice that it will issue one or more software updates for installation on Venice's Altra GTMS platform, but that it will not be able to do so in time to meet the April 1, 2016 effective date. Venice states that it is dependent on SunGard providing these software updates to achieve compliance with the Version 3.0 Standards. Therefore, Venice states that it needs an extension of time until October 1, 2016, to comply and to ensure the system upgrades are fully implemented.

6. Venice adds, however, that SunGard has indicated that it can 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 explains that, to meet the April 1, 2016 compliance effective date, it would need to incur the substantial additional software upgrade costs described by SunGard. Venice describes itself as a small pipeline system with limited and declining throughput, and the company suggests that any increase in system costs would acutely impact the rates its shippers pay. 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. Venice points out that it recently filed a Natural Gas Act general 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. Venice's rate case filing, however, did not include the substantially increased costs that would 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.

8. Venice also argues that the nomination schedules will not present issues with shippers or other pipelines. Venice clarifies that it is only seeking an extension with respect to the standards as they require software upgrades, and has developed a work-around in which it will manually process and confirm all nominations as they are received from shippers, thereby ensuring timely confirmation of all nominations.

9. Venice asserts that with respect to potential confirmation problems with interconnected pipelines such problems will not arise, because Venice is not interconnected with any other interstate pipeline. Venice explains that its system is more akin to a gathering system than a traditional interstate pipeline in that it extends from certain offshore production areas in the Gulf of Mexico and delivers gas to the Venice Energy Services Company Processing Facilities (Venice Processing Plant) near the town of Venice, Plaquemines Parish, Louisiana where the gas is compressed, dehydrated, separated, and processed. Venice further explains that shippers on Venice deliver raw gas for processing at the Venice Processing Plant and then make arrangements independent of Venice for downstream transportation of residue gas.

10. Venice filed the instant request for extension of time to comply with the following NAESB WGQ Version 3.0 Standards: 0.4.2*, 0.4.3*, 0.4.4*, 1.4.1*, 1.4.2, 1.4.3*, 1.4.4*, 1.4.5*, 1.4.6*, 2.4.1*, 2.4.2*, 2.4.3*, 2.4.4, 2.4.5*, 2.4.6, 3.4.1, 3.4.2, 3.4.3, 3.4.4, 5.4.21, 5.4.22. The standards listed here that are marked with an asterisk are those that Venice clarifies that it is not seeking an extension of time as to the requirements therein to post information regarding proprietary location codes on its Internet website, but only with respect to the aspects of those standards relating to other matters.

11. Venice requests that the Commission act on its motion by no later than January 29, 2016. 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.

II. Notice of Filing

12. Notice of Venice's filing was published in the *Federal Register*, 81 Fed. Reg. 1944 (2016), with interventions and protests due on or before January 15, 2016. None was filed.

III. Discussion

13. The Commission has reviewed Venice's revised request for an extension of time and finds that Venice has provided good cause for the Commission to grant its request. Venice is requesting an extension of time only to accommodate delays in establishing its electronic processing systems. Venice states that it has developed a work around to serve its customers and ensure that it will be compliant with the revisions to the NAESB business practice standards accepted by the Commission in Order Nos. 587-W and 809 by April 1, 2016. Accordingly, as explained further below, we will grant Venice's request for an extension of time relating to electronic processing. However, as discussed below, we clarify the scope of the extension we are granting as to the posting of proprietary location codes.

14. Specifically, we will grant Venice's revised request for an extension of six months to file for and implement compliance with NAESB WGQ Version 3.0 Standards 1.4.2, 2.4.4, 2.4.6, 3.4.1, 3.4.2, 3.4.3, 3.4.4, 5.4.21, and 5.4.22, because these standards relate to electronic processing, and do not affect a business functionality or adversely impact Venice's customers. Further, the extension of time will help ensure that the software upgrade can be completed by October 1, 2016.

15. Further, we will grant Venice's requested extension of six months to file for and implement compliance with NAESB WGQ Version 3.0 Standards 0.4.2, 0.4.3, 0.4.4, 1.4.1, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 2.4.1, 2.4.2, 2.4.3, and 2.4.5 as they apply to electronic processes, because Venice has developed a work-around to service its customers and assure timely compliance with the business practice standards adopted in Order No. 809. However, the Commission clarifies that the extension of time does not apply to the requirements set forth in Version 3.0 Standards 0.4.2, 0.4.3, 0.4.4, 1.4.1, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 2.4.1, 2.4.2, 2.4.3, and 2.4.5 related to the posting of information on proprietary location codes on Venice's Internet website.

16. In *Equitrans L.P.*, the Commission denied the requested extension for the Version 3.0 Standards as they relate to the posting of proprietary location codes on a pipeline's website.⁶ The Commission explained that compliance with the requirements set forth in those standards as they apply to the posting on a pipeline's Internet website of proprietary location codes does not require an interstate pipeline to incur substantial additional software upgrade costs.⁷ The Commission further explained that requiring interstate pipelines to post information regarding proprietary codes on the pipelines' Internet website by April, 1, 2016 enables the Commission and customers to continue to identify active interconnection points referenced in the Index of Customers through the website postings thereafter.⁸

17. In its instant request for extension of time, Venice states that it understands that the Commission has made clear that the aforementioned NAESB WGQ Version 3.0 Standards do not warrant an extension of time insofar as they relate to the posting of proprietary location codes on a pipeline's Internet website. Venice further notes that it is not seeking an extension with respect to these standards to the extent they require the

⁶ *Equitrans L.P.*, 153 FERC ¶ 61,320, at PP 9-11 (2015).

⁷ *Id.* P 11.

⁸ *Id.* (citing Order No. 587-W, FERC Stats. & Regs. ¶ 31,373 at P 41) where the Commission explained that when pipelines make their Form No. 549-B (Index of Customers) filing for the second quarter of 2016 and thereafter they should do so using the new location names and codes for all active points.

posting of information on proprietary location codes, but rather only with respect to the aspects of those standards relating to other matters.⁹

18. Accordingly, the Commission will grant Venice's requested extension based on the clarification it makes in its revised extension request that it is only seeking an extension relating to electronic processing and that it will manually process and confirm all nominations as they are received from shippers, thereby ensuring timely confirmation of all nominations.

19. When Venice submits its tariff records as part of its February 1, 2016 compliance filing obligation incorporating the NAESB WGQ Version 3.0 Standards, it should specify, consistent with the extension granted here, the date when Venice will commence compliance with the electronic processing that pertains to each standard.

The Commission orders:

Venice's request for extension is hereby granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁹ Venice's Motion for Extension of Time, at 8-9.