



NGSA/INGAA  
Infrastructure Initiative  
Potential Rulemaking  
Overview Briefing

October 12, 2005

# Introduction and Background

- » Pipelines and producers agree on importance of infrastructure adequacy
- » All industry sectors affected by inability to deliver natural gas supplies
- » NGS&A & INGAA pleased with current state of FERC certificate process but discovered areas for incremental improvements:
  1. Blanket Certificates Recommendations
  2. Incentive for Early Customer Commitments to Projects

# PROPOSAL: Remove Current Restriction on Use of Blanket Certificate Authority for Mainline Expansions

- » Mainline exclusion dates from first blanket rules in early 1980's
- » Provides greater opportunities for expediting minor mainline expansions to relieve bottlenecks
- » Presents little to no concern regarding Commission policy
  - Non-discriminatory: available capacity posted on website
  - Project must be economically self-sufficient
  - Use of existing mainline rate

# PROPOSAL: Remove Current Restriction on Use of Blanket Certificate Authority for Modification of Storage

- » Current Rules prohibit blanket treatment of facilities that increase storage deliverability or capacity due primarily to the potential impact on storage field characteristics
- » Allow modification of storage using blanket authorization if it does not:
  - Impact field pressure
  - Increase geographic size
- » Some limitations may still be necessary to address Commission concerns over field characteristics
- » Widespread need for new storage requires more ability to optimize existing fields quickly where there is no safety or environmental impact

# PROPOSAL: Remove Current Restriction on Use of Blanket Certificate Authority for Construction of LNG Lateral

- » Current blanket certificate holders can use blanket certificate to hook to new supply sources, except an LNG terminal
- » Primary rationale for exclusion relates to the complex safety issues posed by LNG terminals yet terminal safety issues are examined in context of terminal application
- » Removing current exclusion eliminates existing preference for traditional domestic supply source

# Proposal: Review of Blanket Dollar Limits

- » Last redetermination of dollar limits for self-implementing and prior-notice blanket facilities was more than 10 years ago
- » Requirements for environmental compliance, security, and pipeline integrity have increased in intervening years
- » Recommend reexamination of blanket dollar limits using “comparable size project” as originally envisioned under blanket rules

# PROPOSAL: FERC Should Publicly Endorse Special Rate Treatment of Foundation Shippers in Recognition of Their Early Project Commitments

- » Project sponsors need ability to provide incentives to shippers that commit early
- » Best method: rate concessions conditioned on early commitment
- » Project sponsors and early-commitment shippers must be assured that concessions will not later be considered undue discrimination
- » “Foundation Shippers:” Those shippers committing prior to filing of project application at FERC
  - Not confined to large shippers negotiating individually with sponsor
  - No discrimination among same-generation shippers