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FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 25, 2009

In Reply Refer To:
Mississippi Canyon Gas Pipeline, LLC
Docket No. RP09-329-000

Mississippi Canyon Gas Pipeline, LLC
1100 Louisiana, Suite 3300
Houston, TX 77002

Attention: Susan Schwager, Senior Legal Counsel

Reference: Revised Tariff Sheets to Comply with Order Nos. 712 and 712-A

Ladies and Gentlemen:

1. On January 30, 2009, Mississippi Canyon Gas Pipeline, LLC (Mississippi Canyon) filed revised tariff sheets[1] proposing modifications to its tariff to comply with the capacity release requirements promulgated by Order Nos. 712 and 712-A.[2] The tariff sheets listed in the Appendix are accepted effective March 1, 2009, subject to further modifications as discussed below.

2. In Order Nos. 712 and 712-A, the Commission removed the maximum rate ceiling on capacity releases of one year or less that take effect within one year after the pipeline is notified of the release. The Commission also modified its regulations in order to facilitate asset management arrangements (AMAs) by relaxing the Commission's

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[1] *See* Appendix. Moreover, Mississippi Canyon is directed in any future filings to comply with the dictates of 18 C.F.R. § 154.201(a) (2008), which require that pipelines either *clearly* highlight, background shade, bold, or underline all new numbers and text in the marked version of the pages to be changed or superseded.

[2] *Promotion of a More Efficient Capacity Release Market*, Order No. 712, 73 Fed. Reg. 37,058 (June 30, 2008), FERC Stats. & Regs. ¶ 31,271 (2008), *order on reh'g*, Order No. 712-A, 73 Fed. Reg. 72,692 (Dec. 1, 2008), FERC Stats. & Regs. ¶ 31,284 (2008) (Order No. 712).

prohibition on tying and on its bidding requirements for certain capacity releases. The Commission further clarified that its prohibition on tying does not apply to conditions associated with gas inventory held in storage for releases of firm storage capacity. Finally, the Commission waived its prohibition on tying and bidding requirements for capacity releases made as part of a state-approved retail access program. Mississippi Canyon proposes several changes to the General Terms and Conditions (GT&C) of its tariff to provide that capacity releases of one year or less are not subject to the maximum rate cap, add open season exceptions, and add provisions for AMA and state-approved retail access programs.

3. Notice of Mississippi Canyon's filing was issued on February 4, 2009. Interventions and protests were due February 11, 2009, as provided in section 154.210 of the Commission's regulations.[3] Pursuant to Rule 214,[4] all timely filed motions to intervene and any 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. On February 11, 2009, BP America Production Company and BP Energy Company (BP) filed comments.

4. The Commission finds that Mississippi Canyon's proposed tariff revisions are generally consistent with Order Nos. 712 and 712-A and the Commission's capacity release policies. Accordingly, the Commission accepts Mississippi Canyon's tariff sheets, subject to conditions, as discussed below.

5. In Order No. 712, the Commission modified section 284.13(b)(1) of its regulations to add a new subsection (x), requiring pipelines to post on their internet web sites whether a capacity release is to an asset manager and if so, the volumetric level of the replacement shipper's delivery or purchase obligation and the time periods during which that obligation is in effect. The Commission also added new subsection (xi) requiring pipelines to post whether a release is to a marketer participating in a state regulated retail access program. BP argues that Mississippi Canyon failed to amend section 19.6(c) of it GT&C to require releasing shippers, as part of their offer to release, to report to the pipeline whether the release is to an asset manager (and, if so, with what supply obligations) and whether the release is to a marketer participating in a state-regulated retail access program.

6. Mississippi Canyon's proposed tariff modifications do not include provisions requiring releasing shippers to provide Mississippi Canyon the referenced information when applicable so that Mississippi Canyon can comply with the revised posting requirements. Therefore, as a condition of the Commission's acceptance, Mississippi

[3] 18 C.F.R. § 154.210 (2008).

[4] 18 C.F.R. § 385.214 (2008).

Canyon must amend its tariff to require releasing shippers to provide it with the necessary information.

7. In Order No. 712, the Commission also revised section 284.8(h) of the Commission's regulations such that a release satisfying any of the following four conditions is exempt from the bidding requirements of section 284.8(c)-(e):

> (i) A release of capacity to an asset manager;
>
> (ii) A release of capacity to a marketer participating in a state-regulated retail access program;
>
> (iii) A release for more than one year at the maximum tariff rate; and
>
> (iv) A release for any period of 31 days or less.[5]

8. Mississippi Canyon proposed to revise section 19.3(d) governing "Prearranged Releases" by adding a subsection (iii) which expressly exempts from an open season (and thus competitive bidding) prearranged capacity releases that meet any of the above four conditions for non-biddable releases. BP argues, however, that Mississippi Canyon failed to revise existing section 19.6(d), governing the "Offer and Bid Procedures" for "Prearranged Releases," to clarify that all prearranged releases satisfying any one of the above four conditions will be deemed to be a best bid and thus not subject to competitive bidding. Existing section 19.6(d) of the GT&C only provides that a pre-arranged replacement shipper will be deemed to have the best bid if it tenders a bid "for 31 days or less at or above the maximum rate if applicable," and Mississippi Canyon has not proposed to change that language. BP argues that Mississippi Canyon should revise section 19.6(d) to provide best bid status to any of the following prearranged releases of full capacity and term (i) for 31 days or less at any rate, and (ii) for more than one year at the maximum rate. For all other time frames, BP states, the bid should be considered the minimum bid price, unless the release is otherwise exempt from competitive bidding.

9. We find that Mississippi Canyon should revise section 19.6(d) of its GT&C so as to deem a prearranged release to be the best bid in each of the situations in which section 19.3(d) provides that the prearranged release is not subject to an open season. This will avoid any potential confusion, resulting from the apparent inconsistency between the two

[5] 18 C.F.R. § 284.8(h) (2008).

sections of Mississippi Canyon's GT&C and ensure that Mississippi Canyon complies fully with Order No. 712.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

APPENDIX

Mississippi Canyon Gas Pipeline, LLC
FERC Gas Tariff, First Revised Volume No. 1

Tariff Sheets Accepted Effective March 1, 2009:

First Revised Sheet No. 120
Second Revised Sheet No. 121
Third Revised Sheet No. 128
Third Revised Sheet No. 138
Fourth Revised Sheet No. 139
Fourth Revised Sheet No. 139B