

132 FERC ¶ 61,262
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 24, 2010

In Reply Refer To:
Granite State Gas Transmission, Inc.
Docket No. RP10-1037-000

Granite State Gas Transmission, Inc.
1666 K Street, NW, Suite 300
Washington, DC 20006

Attention: Debra Ann Palmer, Counsel

Reference: Request for Waiver of NAESB Index-Based Capacity Release
Standards

Ladies and Gentlemen:

1. On August 2, 2010, Granite State Gas Transmission, Inc. (Granite) filed a request for a waiver of the North American Energy Standards Board (NAESB) Version 1.9 index-based capacity release standards.¹ Granite states that it has had no shipper requests and does not anticipate future requests for index-based pricing for capacity release on its system and that implementing the NAESB standards associated with index-based releases will result in a substantial burden for Granite.

2. Granite is an interstate natural gas pipeline with a system that extends from Essex, Massachusetts through New Hampshire to just northwest of Portland, Maine and consists of three receipt points and 34 delivery points with no on-system storage or compressor stations. Granite contends that the receipt and delivery points on its system have no ties to any developed or published gas indices and therefore no price index exists that could represent the value of transportation on the Granite system. Moreover, Granite states that no shipper has ever requested index-based pricing for a capacity release and that Granite itself has never sold capacity on its system using index prices. Granite also asserts that,

¹ *Standards for Business Practices for Interstate Natural Gas Pipelines*, Order No. 587-U, FERC Stats. & Regs. ¶ 31,307 (2010) (Order No. 587-U).

unlike most pipelines that utilize indices for purposes of imbalance cash outs or penalties, its tariff does not include a reference to price indices.

3. Granite argues that the time, cost and burden for Granite to implement the requirements of the NAESB standards associated with index-based releases exceeds the cost amounts described in Order No. 587-U.² Granite states that complying with the NAESB standards will divert important resources from the services and initiatives that shippers and prospective shippers on Granite's system have demonstrated an actual interest in pursuing. Granite also notes the limited waivers the Commission previously granted, specifically the index-based capacity release NAESB standards for the electronic data exchange and Internet requirements.³

4. Granite offers to post information on its web site to direct any shipper desiring to make an index-based capacity release to Granite's Contract Services Department. This department will post notices of index-based release offers on its web site, manually evaluate bids, award the winning bids by the deadlines prescribed by the NAESB standards, and post the winners on its web site. Granite states this process will also work for non-biddable index-based capacity releases.

5. Finally, Granite requests a waiver of the 30-day time limit for submitting requests for waiver of the NAESB standards.⁴

6. Public notice of Granite's filing issued on August 3, 2010. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2010)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2010)), all timely filed motions to intervene and any motion 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 the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

7. The Commission finds it appropriate to grant a limited waiver of the electronic requirements of the NAESB index-based capacity release standards in this situation.⁵ We

² *Id.* at P 45-46.

³ *Carolina Gas Transmission Corp.*, 131 FERC ¶ 61,211, at P 4 (2010); and *MoGas Pipeline LLC*, 131 FERC ¶ 61,251, at P 7 (2010).

⁴ Order No. 587-U at n.51 (stating that pipelines may file a request within 30 days after the issuance of the Final Rule).

⁵ We also find good cause to grant the waiver of the time limit for submitting requests for waiver of the NAESB standards.

grant waiver of the index-based capacity release NAESB standards for the electronic data interchange and Internet requirements based on the administrative burden and costs for Granite, the low probability of a releasing shipper on the Granite system wanting to utilize index-based pricing, and the commitment by Granite to provide another mechanism for such pricing.

8. However, as recognized by Granite, the Commission maintains that Granite must permit firm shippers to release their capacity without restriction on the terms or conditions of release,⁶ and “under its regulations, releasing shippers are permitted to use price indices or other formula rates.”⁷ To the extent Granite requests waiver of NAESB’s business practice standards for index-based capacity release, Granite has not supported such a request and we deny waiver of NAESB’s business practices. Therefore, when making its Version 1.9 compliance filing, Granite is directed to modify its tariff to specify the procedures for index-based capacity releases on its system to reflect the proposed procedures in its request for waiver.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

cc: Public File
All Parties

⁶ 18 C.F.R. § 284.8(b)(1) (2010).

⁷ *Standards for Business Practices for Interstate Natural Gas Pipeline*, Notice of Proposed Rulemaking, FERC Stats. & Regs. ¶ 32,645, at P 8 (2009).