Standards for Business Practices of Interstate Natural Gas Pipelines

(July 16, 2015)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of Proposed Rulemaking.

SUMMARY: The Federal Energy Regulatory Commission (Commission) is proposing to amend its regulations to incorporate by reference, with certain enumerated exceptions, the latest version (Version 3.0) of business practice standards adopted by the Wholesale Gas Quadrant of the North American Energy Standards Board (NAESB) applicable to natural gas pipelines. These revisions, in part, revise the codes used to identify receipt and delivery locations in the Index of Customers. In addition, for consistency with the revisions to the Index of Customers, the Commission is proposing certain conforming changes to the Commission’s regulations on exhibits and on system flow diagrams.

These standards can be obtained from NAESB at 801 Travis, Suite 1675, Houston, TX 77002, telephone: (713) 356-0060, http://www.naesb.org, and are available for viewing in the Commission’s Public Reference Room.

DATES: Comments are due [INSERT DATE 30 days after publication in the FEDERAL REGISTER].
ADDRESSES: Comments, identified by docket number, may be filed in the following ways:

- Electronic Filing through http://www.ferc.gov. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format.
- Mail/Hand Delivery: Those unable to file electronically may mail or hand-deliver comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE, Washington, DC 20426.

INSTRUCTIONS: For detailed instructions on submitting comments and additional information on the rulemaking process, see the Comment Procedures Section of this document.

FOR FURTHER INFORMATION CONTACT:

Stanley Wolf (technical issues)
Office of Energy Policy and Innovation
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC  20426
Telephone:  (202) 502-6841
E-mail:  stanley.wolf@ferc.gov

Oscar F. Santillana (technical issues)
Office of Energy Market Regulation
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC  20426
Telephone:  (202) 502-6392
E-mail:  oscar.santillana@ferc.gov
Gary D. Cohen (legal issues)
Office of the General Counsel
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426
Telephone: (202) 502-8321
E-mail: gary.cohen@ferc.gov

SUPPLEMENTARY INFORMATION:
TABLE OF CONTENTS

I. Background ............................................................................................................................................. 2.

II. Discussion ................................................................................................................................................ 8.
   A. Modifications to Standards to Support the Commission’s Show Cause Order in Docket No. RP14-442-000 .......................................................................................................................... 12.
   B. Location Codes .................................................................................................................................. 15.
   C. Request in Order No. 587-V for NAESB to Evaluate the Use of the Terms “Operating Capacity” and “Design Capacity” ........................................................................................................ 18.
   D. Standards Previously Not Incorporated by Reference .................................................................... 20.
      2. Record Retention Standards ........................................................................................................... 21.
      3. WGQ Interpretations ......................................................................................................................... 22.
   E. Proposed Implementation Procedures ............................................................................................... 23.

III. Notice of Use of Voluntary Consensus Standards .............................................................................. 28.

IV. Incorporation By Reference .................................................................................................................. 29.

V. Information Collection Statement ......................................................................................................... 32.

VI. Environmental Analysis ......................................................................................................................... 36.

VII. Regulatory Flexibility Act Analysis and Certification ........................................................................ 37.

VIII. Comment Procedures .......................................................................................................................... 40.

IX. Document Availability ........................................................................................................................... 44.

Appendix ......................................................................................................................................................... a.
NOTICE OF PROPOSED RULEMAKING

(July 16, 2015)

1. The Federal Energy Regulatory Commission (Commission) proposes to amend its regulations at 18 CFR 284.12 to incorporate by reference, with certain enumerated exceptions, the latest version (Version 3.0) of business practice standards adopted by the Wholesale Gas Quadrant (WGQ) of the North American Energy Standards Board (NAESB) applicable to natural gas pipelines that NAESB reported to the Commission on November 14, 2014. The Version 3.0 package of standards includes standards governing coordination of the scheduling processes of interstate natural gas pipelines and public utilities that the Commission incorporated by reference in Docket No. RM14-2-000.¹ The standards also revise the codes used to identify receipt and delivery locations in the Index of Customers. In addition, for consistency with the Index of Customers, the Commission proposes to amend its regulations at 18 CFR 157.14, 157.18, and 260.8 to have receipt and delivery point information in exhibits and system flow diagrams use the same location point names as provided for in the Version 3.0 Standards.

¹ Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities, Order No. 809, Final Rule, 80 FR 23197 (Apr. 24, 2015), FERC Stats. & Regs. ¶ 31,368.
I. **Background**

2. Since 1996, the Commission has adopted regulations to standardize the business practices and communication methodologies of interstate natural gas pipelines to create a more integrated and efficient pipeline grid. These regulations have been promulgated in the Order No. 587 series of orders, wherein the Commission has incorporated by reference standards for interstate natural gas pipeline business practices and electronic communications that were developed and adopted by NAESB’s WGQ. Upon incorporation by reference, this version of these standards will become part of the Commission’s regulations and compliance by interstate natural gas pipelines will become mandatory.

3. On July 23, 2013, as corrected on July 25, 2013, NAESB filed a report informing the Commission that it had adopted and ratified Version 2.1 of its business practice standards applicable to natural gas pipelines. NAESB reports that the WGQ reviewed, at the request of the industry, the necessity of maintaining the current location common codes system to determine if the system provides a significant benefit to the industry and should be continued. NAESB (in its previous corporate incarnation as the Gas Industry

---

2 This series of orders began with the Commission’s issuance of *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587, FERC Stats. & Regs. ¶ 31,038 (1996).

3 NAESB Version 2.1 Report dated July 23, 2013 (NAESB Version 2.1 Report). As explained in the NAESB Version 2.1 Report, this request was received by NAESB in November 2010 and was included by the NAESB Board of Directors in the 2011 WGQ Annual Plan as part of Item No. 7 and as part of the 2012 WGQ Annual Plan Item No. 8. 

(continued...)
Standards Board) adopted a system of registering common codes to identify interconnection points between pipelines using a single code for the shared point. The industry chose an independent third party to assign and maintain the common code database.

4. NAESB reports that, after extensive discussions, the WGQ reached the conclusion that the NAESB WGQ Standards should no longer support the location common codes system, as the NAESB membership concluded that the system provided little commercial benefit to the industry at large. Consistent with this determination, the Version 2.1 Standards added seven new standards, modified six standards, and deleted three standards to match up with a transition from common codes to proprietary codes. These will be the codes assigned by the transportation service providers for the identification of locations. The standards require pipelines to post sufficient information on their websites to permit shippers and the Commission to identify the interconnection points between pipelines that were previously identified through the common codes.

See NAESB Version 2.1 Report at 3. The proposed modifications made in response to this request were developed by the WGQ’s Business Practices Subcommittee and jointly by the Information Requirements/Technical Subcommittees.


5 Id. at 4.
5. Additionally, as requested by the Commission in Order No. 587-V, NAESB modified the standards to include reporting requirements for “Design Capacity” for each location by transportation service providers. Other changes to the existing standards were made at the request of industry. These include changes to the NAESB WGQ Additional Standards, Nominations Related Standards, Flowing Gas Related Standards, Invoicing Related Standards, Quadrant Electronic Delivery Mechanism Standards, Capacity Release Related Standards, and Data Set Standards. NAESB further reports on the changes it made to the NAESB WGQ Interpretations and Contracts and Manuals that the Commission has declined to incorporate by reference in past Final Rules. NAESB also reports on all the minor corrections it has made to the standards since Version 2.0 of the Standards. Finally, NAESB reports on items that it considered changing but on which it took no action.

6. On November 14, 2014, NAESB filed a report informing the Commission that it had adopted and ratified Version 3.0 of its business practice standards applicable to

---


7 *Id*. at 2-3.

8 *Id*. at 3.

9 *See, e.g.*, Order No. 587-V, FERC Stats. & Regs. ¶ 31,332 at n.11.


11 *Id*. at 17-18.
natural gas pipelines. NAESB reports that all of the modifications made in the Version 2.1 Standards are included in the Version 3.0 Standards and thus no action is needed on the Version 2.1 Standards.\(^\text{12}\) The Version 3.0 Standards added the modifications to support efforts to harmonize gas-electric scheduling coordination that NAESB had separately filed and that the Commission incorporated by reference in Order No. 809.\(^\text{13}\) In addition, the Version 3.0 Standards contain revisions to the capacity release standards regarding posting requirements for offers to purchase released capacity that were the subject of the Commission’s order to show cause in Docket No. RP14-442-000.\(^\text{14}\) Other revisions in the Version 3.0 Standards are: (1) revisions to the standards to define “Operating Capacity” and “Design Capacity” in response to the Commission request in Order No. 587-V;\(^\text{15}\) (2) elimination of the WGQ Interpretations, which the Commission declined to incorporate by reference; (3) modifications to standards to reflect the interpretations; (4) modifications for maintenance purposes, which includes changes to eliminate the appearance of the electronic data interchange in the imbalance trading process; (5) modifications to reflect new data elements; and (6) edits for clarity


\(^\text{13}\) See supra n.1.

\(^\text{14}\) Posting of Offers to Purchase Capacity, 146 FERC ¶ 61,203, at P 6 (2014) (Show Cause Order); B-R Pipeline Co., 149 FERC ¶ 61,031 (2014) (order accepting compliance filings).

\(^\text{15}\) Order No. 587-V, FERC Stats. & Regs. ¶ 31,332 at P 8.
and to increase user-friendliness. The Version 3.0 standards have also been revised to include 29 minor corrections.\textsuperscript{16}

7. On July 7, 2015, NAESB filed a report informing the Commission that it has made errata corrections to the WGQ Version 3.0 Business Practice Standards.\textsuperscript{17} These corrections incorporate a 9:00 AM Central Clock Time (CCT) start to the gas operating day, consistent with the Commission’s findings in Order No. 809\textsuperscript{18} and also correct other minor errors.

II. \textbf{Discussion}

8. In this NOPR, the Commission proposes to incorporate by reference, in its regulations, Version 3.0 of the NAESB WGQ's consensus business practice standards,\textsuperscript{19} with certain exceptions.\textsuperscript{20} We propose that the implementation date for these standards coincide with the implementation of the Gas-Electric Coordination standards on April 1, 2016.

\textsuperscript{16} The NAESB Version 3.0 Report also provides information on other NAESB activities and tools unrelated to standards development.

\textsuperscript{17} NAESB adopted two minor corrections, MC15009 and MC15012, approved on April 30, 2015 and May 29, 2015, respectively.

\textsuperscript{18} Order No. 809, FERC Stats. & Regs. ¶ 31,368 at P 171.

\textsuperscript{19} A list of the revisions NAESB’s WGQ Version 3.0 Standards made to prior standards is appended to this NOPR.

\textsuperscript{20} In the discussion below we identify the NAESB WGQ Version 3.0 Standards that we propose \textit{not} to incorporate by reference.
9. Adoption of the Version 3.0 Standards will continue the process of updating and improving NAESB’s business practice standards for the benefit of the entire wholesale natural gas market.

10. As the Commission found in Order No. 587, adoption of consensus standards is appropriate because the consensus process helps ensure the reasonableness of the standards by requiring that the standards draw support from a broad spectrum of industry participants representing all segments of the industry.\textsuperscript{21} Moreover, because the industry has to conduct business under these standards, the Commission's regulations should reflect those standards that have the widest possible support. In section 12(d) of the National Technology Transfer and Advancement Act of 1995 (NTT&AA), Congress affirmatively requires federal agencies to use technical standards developed by voluntary consensus standards organizations, like NAESB, as a means to carry out policy objectives or activities.\textsuperscript{22}

11. We discuss below some specific aspects of the filing.

\textsuperscript{21} The NAESB process first requires a super-majority vote of 17 out of 25 members of the WGQ's Executive Committee with support from at least two members from each of the five industry segments – Distributors, End Users, Pipelines, Producers, and Services (including marketers and computer service providers). For final approval, 67 percent of the WGQ's general membership voting must ratify the standards.

A. **Modifications to Standards to Support the Commission’s Show Cause Order in Docket No. RP14-442-000**

12. On March 20, 2014, the Commission issued an Order to Show Cause in Docket No. RP14-442-000, which required all interstate pipelines to either revise their respective tariffs to provide for the posting of offers to purchase released capacity as required by section 284.8(d) of the Commission’s regulations, or to demonstrate that their existing tariffs are in full compliance with that section. In the Show Cause Order, the Commission also requested that NAESB develop certain business practice and communications standards specifying: (1) the information required for requests to acquire capacity; (2) the methods by which such information is to be exchanged; and (3) the location of the information on a pipeline’s Internet website.

13. In response, NAESB proposes to modify WGQ Standard 4.3.23 to add “Request to Purchase Releasable Capacity” as a subcategory of information contained in a transportation service provider’s information postings website. NAESB also proposes to add new WGQ Standard 5.3.73, containing requirements regarding requests to purchase capacity that is releasable.

---

23 Show Cause Order, 146 FERC ¶ 61,203 at P 6.

24 18 CFR 284.8(d). That section states that “[t]he pipeline must provide notice of offers to release or to purchase capacity, the terms and conditions of such offers, and the name of any replacement shipper …, on an Internet web site, for a reasonable period.”

25 Show Cause Order, 146 FERC ¶ 61,203 at P 6.
14. The Commission proposes to incorporate by reference revised WGQ Standard 4.3.23 and WGQ Standard 5.3.73. We note, however, that our proposal to incorporate WGQ Standard 5.3.73 by reference is not intended to eliminate any posting requirements additionally imposed by the Commission in Docket No. RP14-442-000.

B. Location Codes

15. NAESB has proposed to revise its standards regarding the use of location codes. The industry has determined that having a third party maintain a common code database is not worth the expense and effort and has revised the prior standards to introduce the use of proprietary codes to identify the location of points of receipt and delivery. The revised standards include requirements for the pipelines to post on their websites information on each of the proprietary points that can be used to determine which points are interconnecting points between pipelines, one of the primary reasons for adoption of the common code database. These codes are also used by the Commission in its Index of Customers to identify the points on shippers’ contracts and we propose to revise section 284.13(c) of the regulations to coordinate with this change.

16. We propose to incorporate by reference these revised standards, as they are based on an industry consensus, will reduce industry’s costs to support the retention of common codes, and because the changes will maintain the ability of shippers and others to identify interconnection points between pipelines. Given the ability of the Commission and customers to continue to identify interconnection points referenced in the Index of Customers, the Commission finds that the revised code standards appear to satisfy the requirements for the Index of Customers and we will modify the regulations to permit the
use of the proprietary codes. In addition, to avoid any confusion from the use of
inconsistent location codes, we propose to accompany our incorporation by reference of
these revised standards with a proposal to revise our regulations at 18 CFR 157.14,
157.18, and 260.8 that require the use of location code information in certain filings and
flow diagrams.

17.  Pipelines will be required to continue to file the Index of Customers using the
current tab-delimited file format according to the Form No. 549B - Index of Customers
Instruction Manual. The major changes to the instructions are the change from the use of
common codes to proprietary codes and the use of the pipelines’ company registration
number in place of three digit pipeline code. A revised instruction manual (with
revisions marked) will be posted in this docket on eLibrary and will be available on the
Commission’s website.26 Because tab-delimited file formats can be difficult and can
result in errors that impose burdens both on Commission and pipeline staff to correct, we
also are adding the Index of Customers form to the list of forms that are being updated as
part of the Commission’s forms refresh project in Docket No. AD15-11-000 (Forms
Project).27 Adding the Index of Customers to the Forms Project will move the
Commission towards the use of a standard approach for all Commission forms that will
result in more efficient filing and processing of forms.

__________
C. **Request in Order No. 587-V for NAESB to Evaluate the Use of the Terms “Operating Capacity” and “Design Capacity”**

18. In Order No. 587-V, the Commission directed the industry, through NAESB, to consider whether the term “Operating Capacity,” found in NAESB WGQ Standard No. 0.3.19 and related standards, and “Design Capacity,” found in section 284.13(d) of the Commission’s regulations, are functionally equivalent, and to include this information as part of the next version of the NAESB WGQ Standards.

19. In response, NAESB states that a consensus could not be reached for a detailed definition of the term “Design Capacity” and that “Design Capacity” and “Operating Capacity” are not equivalent terms and therefore proposed to include both terms as separately reportable items. NAESB modified WGQ Dataset 0.4.2 to provide a definition of terms:

---

28 NAESB defines Operating Capacity as “the total capacity which could be scheduled at (or through) the identified point, segment or zone in the indicated direction of flow.”

29 In Order No. 587-V, the Commission explained that while pipelines that post both design and operating capacity, often report the same number for both types of capacity, they may sometimes report differences between operating and design capacity. See Order No. 587-V, FERC Stats. & Regs. ¶ 31,332 at P 30, n.41.

30 *Id.* P 30. NAESB also states it proposes to correct typographical errors and to clarify that “All Quantities Available Indicator” in NAESB WGQ Dataset 0.4.2 applies to all quantities at a specific identified point, segment, or zone.

31 NAESB also states it proposes to correct typographical errors and to clarify that “All Quantities Available Indicator” in NAESB WGQ Dataset 0.4.2 applies to all quantities at a specific identified point, segment, or zone.
Design capacity is the design capacity of the point, segment, or zone as required by the applicable regulatory authority. Operating Capacity is the total capacity which could be scheduled at (or through) the identified point, segment or zone in the indicated direction of flow. Total scheduled quantity is the net quantity scheduled at the point, segment or zone level in the indicated direction of flow. Operationally available capacity is the quantity remaining that is available to be scheduled at (or through) the identified point, segment or zone, in the indicated direction of flow.

The Commission finds reasonable NAESB’s approach of separately reporting both “Design Capacity” and “Operating Capacity” as part of the reporting data set as this will provide shippers and the Commission with added information. Accordingly, the Commission proposes to incorporate by reference revised WGQ Standards 0.3.18, 0.3.20, and 0.3.21, and Dataset 0.4.2, as the revised standards and dataset meet the Commission’s past concerns and no longer conflict with section 284.13(d) of the Commission’s regulations.

D. Standards Previously Not Incorporated by Reference

1. Contracts Standards and eTariff Related Standards

20. The Commission proposes to continue its past practice of not incorporating by reference into its regulations any optional contracts, because the Commission does not require the use of these contracts.\(^{32}\) In addition, consistent with our findings in past proceedings, the Commission is not proposing to incorporate by reference the

\(^{32}\) Order No. 587-V, FERC Stats. & Regs. ¶ 31,332 at n.11.
WEQ/WGQ eTariff Related Standards, because the Commission has already adopted standards and protocols for electronic tariff filings based on the NAESB Standards.\textsuperscript{33}

2. **Record Retention Standards**

21. In past rulemakings, the Commission declined to incorporate by reference WGQ Standards 4.3.4 and 10.3.2, because the Commission found they were inconsistent with the Commission’s record retention requirement in 18 CFR 284.12(b)(3)(v).\textsuperscript{34} In Version 3.0, NAESB deleted WGQ Standards 4.3.4 and 10.3.2. NAESB asserts that deleting the standards avoids any potential conflict between the WGQ Standards and the Commission mandated requirements for regulated entities or the retention policies of non-regulated entities. Thus, the Version 3.0 Standards that the Commission is considering for incorporation by reference no longer conflict with Commission regulations regarding storage retention.

3. **WGQ Interpretations**

22. In past rulemakings, the Commission also declined to incorporate by reference into the Commission’s regulations NAESB’s interpretations of NAESB WGQ business practice standards because, while interpretations may provide useful guidance, they are

\footnotesize{\textsuperscript{33} See Electronic Tariff Filings, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008).

\textsuperscript{34} See, e.g., Standards for Business Practices for Interstate Natural Gas Pipelines, Final Rule, Order No. 587-T, FERC Stats. & Regs. ¶ 31,289, at P 5 & n.9 (2009); see also Order No. 587-V, FERC Stats. & Regs. ¶ 31,332 at P 8.
not determinative.\textsuperscript{35} In the Version 3.0 Standards, NAESB deleted the interpretations of standards. NAESB states that the WGQ decided that, where greater clarity was needed to make standards more easily understood, it modified and/or added new standards to provide additional clarity, rather than adopting interpretations.\textsuperscript{36} NAESB states that moving forward, the WGQ will evaluate new requests for clarifications or interpretations on a case-by-case basis and plans to work with the requestor to determine if the request would be more appropriately framed as a request for a minor correction or a request for a new and/or modified standard. NAESB asserts that this approach is similar to the one used by the Wholesale Electric Quadrant. Thus, there are no NAESB interpretations of its business practice standards for the Commission to decline to incorporate by reference.

E. \textbf{Proposed Implementation Procedures}

23. The Commission anticipates acting on the proposed rule in order to permit these standards to become effective April 1, 2016 at the same time as the Gas-Electric Harmonization standards, with compliance filings due February 1, 2016. Requiring implementation on the same date should reduce the compliance burden on the pipelines and avoid confusion. Requests for waivers that do not meet the requirements set forth in Order No. 587-V will not be granted. In particular, as we explained in Order No. 587-V,\textsuperscript{35}

\textsuperscript{35} Order No. 587-V, FERC Stats. & Regs. ¶ 31,332 at P 28.

\textsuperscript{36} In its Version 3.0 Standards, the WGQ revised Standards 1.1.3, 1.2.2, 1.3.3, 1.3.15, 1.3.22, 2.3.9, 2.3.14, 2.3.15, 2.3.26, 3.3.14, 3.3.15, and 4.3.23; added Standard 0.2.5; and deleted Standard 3.3.2.
waivers are unnecessary and will not be granted when the standard applies only on condition the pipeline performs a business function and the pipeline currently does not perform that function.\textsuperscript{37}

24. The Commission is proposing to continue the compliance filing requirements as revised in Order No. 587-V.\textsuperscript{38} As the Commission found in Order No. 587-V, adoption of the revised compliance filing requirements increases the transparency of the pipelines’ incorporation by reference of the NAESB WGQ Standards so that shippers and the Commission will know which tariff provision(s) implements each standard as well as the status of each standard.\textsuperscript{39} Likewise, consistent with past practice, the Commission will post on its eLibrary website (under Docket No. RM96-1-038) a sample tariff format, to provide filers an illustrative example to aid them in preparing their compliance filings. Requests for waivers need to comply with the requirements of Order No. 587-V.\textsuperscript{40}

25. Consistent with our practice in Order No. 587-V, the pipelines should designate a single tariff section under which every NAESB standard incorporated by reference by the

\textsuperscript{37} Order No. 587-V, FERC Stats. & Regs. ¶ 31,332 at P 38(2). For example, the Commission has denied waivers of NAESB’s gas-electric operational communications standards requested by pipelines on the grounds that their systems do not connect to power plants. \textit{Trans-Union Interstate Pipeline L.P}, 141 FERC ¶ 61,167, at P 18 (2012).

\textsuperscript{38} Order No. 587-V, FERC Stats. & Regs. ¶ 31,332 at PP 36-37.

\textsuperscript{39} \textit{Id.} P 36. To accomplish this, the Commission gave instructions on how pipelines should designate sections in their tariff filings.

\textsuperscript{40} Order No. 587-V, FERC Stats. & Regs. ¶ 31,332 at PP 38-41.
Commission is listed. The pipeline tariff filings should list all the incorporated standards with which the pipeline will comply. In addition, for any standard that the pipeline seeks approval not to comply with, the tariff filing must identify the standard in question and either identify the provision in its tariff that complies with the standard; or provide an explanation of any waiver, extension of time, or other variance with respect to compliance with the standard that would excuse compliance.

If the pipeline is requesting a continuation of an existing waiver or extension of time, it must include a table in its transmittal letter that identifies the standard for which a waiver or extension of time was granted, and the docket number or order citation to the proceeding in which the waiver or extension was granted. It must also present an explanation for why such waiver or extension should remain in force with regard to the WGQ Version 3.0 Business Practice Standards.

---

41 This section should be a separate tariff record under the Commission’s electronic tariff filing requirement and be filed electronically using the eTariff portal using the Type of Filing Code 580.

42 For example, pipelines are required to include the full text of the NAESB nomination timeline standards (WGQ Standards 1.3.2(i-v) and 5.3.2) in their tariffs. Standards for Business Practices for Interstate Natural Gas Pipelines, Final Rule, Order No. 587-U, FERC Stats. & Regs. ¶ 31,307, at P 39 & n.42 (2010). The pipeline would indicate which tariff provision complies with each of these standards.

43 Shippers can use the Commission’s electronic tariff system to locate the tariff record containing the NAESB standards, which will indicate the docket number in which any waiver or extension of time was granted.
27. This continues the Commission’s practice of having pipelines including in their tariffs a common location that identifies the way the pipeline is incorporating all the NAESB WGQ Standards and the standards with which it is required to comply. As explained above, the Commission will post on its eLibrary website (under Docket No. RM96-1-038) a sample tariff format, to provide filers an illustrative example to aid them in preparing their compliance filings.44

III. **Notice of Use of Voluntary Consensus Standards**

28. Office of Management and Budget Circular A-119 (section 11) (February 10, 1998) provides that federal agencies should publish a request for comment in a NOPR when the agency is seeking to issue or revise a regulation proposing to adopt a voluntary consensus standard or a government-unique standard. In this NOPR, the Commission is proposing to incorporate by reference voluntary consensus standards developed by the WGQ.

IV. **Incorporation By Reference**

29. The Office of the Federal Register requires agencies incorporating material by reference in final rules to discuss, in the preamble of the final rule, the ways that the materials it incorporates by reference are reasonably available to interested parties and

---

how interested parties can obtain the materials. The regulations also require agencies to summarize, in the preamble of the final rule, the material it incorporates by reference.

30. The NAESB standards we are proposing in this NOPR to incorporate by reference are summarized in paragraphs 3-6 above. Our regulations provide that copies of the NAESB standards incorporated by reference may be obtained from the North American Energy Standards Board, 801 Travis Street, Suite 1675, Houston, TX 77002, Phone: (713) 356–0060. NAESB’s Web site is at http://www.naesb.org/. Copies may be inspected at the Federal Energy Regulatory Commission, Public Reference and Files Maintenance Branch, 888 First Street, NE., Washington, DC 20426, Phone: (202) 502–8371, http://www.ferc.gov.

31. NAESB is a private consensus standards developer that develops voluntary wholesale and retail standards related to the energy industry. The procedures used by NAESB make its standards reasonably available to those affected by the Commission regulations, which is comprised of entities that have the means to acquire the information they need to effectively participate in Commission proceedings. Participants can join NAESB, for an annual membership cost of only $7,000, which entitles them to full participation in NAESB and enables them to obtain these standards at no additional


46 18 CFR 284.12.
cost.\textsuperscript{47} Non-members may obtain the Individual Standards Manual or Booklets for each of the seven Manuals by email for $250 per manual, which in the case of these standards would total $1,750.\textsuperscript{48} Nonmembers also may obtain the complete set of Standards Manuals, Booklets, and Contracts on CD for $2,000. NAESB also provides a free electronic read-only version of the standards for a three business day period or, in the case of a regulatory comment period, through the end of the comment period.\textsuperscript{49} In addition, NAESB considers requests for waivers of the charges on a case-by-case basis depending on need.

V. \textbf{Information Collection Statement}

32. The following collections of information contained in this proposed rule are being submitted to the Office of Management and Budget (OMB) for review under section 3507(d) of the Paperwork Reduction Act of 1995, 44 U.S.C. 3507(d). Upon approval of a collection(s) of information, OMB will assign an OMB control number and an expiration date. Respondents subject to the filing requirements of a rule will not be


penalized for failing to respond to these collections of information unless the collections of information display a valid OMB control number.

33. The Commission solicits comments on the Commission's need for this information, whether the information will have practical utility, the accuracy of the provided burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected, and any suggested methods for minimizing respondents' burden, including the use of automated information techniques.

Public Reporting Burden: The Commission’s burden estimates for the proposals in this NOPR are for one-time implementation of the information collection requirements of this NOPR (including tariff filing, documentation of the process and procedures, and IT work). The collections of information related to this NOPR fall under FERC–545 (Gas Pipeline Rates: Rate Change (Non-Formal))\(^{50}\) and FERC–549C (Standards for Business Practices of Interstate Natural Gas Pipelines).\(^{51}\) The following estimates of reporting burden are related only to this NOPR and anticipate the costs to pipelines for compliance with the Commission’s proposals in this NOPR.\(^{52}\) The burden estimates are primarily

---

\(^{50}\) FERC-545 covers rate change filings made by natural gas pipelines, including tariff changes.

\(^{51}\) FERC-549C covers Standards for Business Practices of Interstate Natural Gas Pipelines.

\(^{52}\) We note that although this NOPR proposes a minor revision to section 260.8, we are not including Form No. 567 (OMB No. 1902-005) as part of this burden estimate because we estimate that the substitution of proprietary codes for common codes in the system flow diagrams submitted under section 260.8 will not increase the burden of filing (continued...)
related to start-up to implement these standards and regulations and will not result in ongoing costs.

<table>
<thead>
<tr>
<th>Number of Respondents (53) ((1))</th>
<th>Annual Number of Responses per Respondent ((2))</th>
<th>Total Number of Responses ((1) \times (2) = (3))</th>
<th>Average Burden &amp; Cost Per Response ((4))</th>
<th>Total Annual Burden Hours &amp; Total Annual Cost ((3) \times (4) = (5))</th>
<th>Cost per Respondent (($) (5)/(1))</th>
</tr>
</thead>
<tbody>
<tr>
<td>FERC-545(^{55})</td>
<td>165</td>
<td>1</td>
<td>165</td>
<td>10</td>
<td>1,650</td>
</tr>
</tbody>
</table>

that form. The same is true with regard to the identical revisions we are proposing to sections 157.14 and 157.18, Form No. 537 (OMB No. 1902-0060). Likewise, we estimate that our proposed revision to Form 549B (OMB No. 1902-0169), see http://www.ferc.gov/docs-filing/forms.asp, which changes the point record for Point identification Code Qualifier (Item ID yj) and Point Identification Code (Item ID yk) will not increase the burden of filing that form.

\(^{53}\) The number of respondents is the number of entities in which a change in burden from the current standards to the proposed exists, not the total number of entities from the current or proposed standards that are applicable.


\(^{55}\) The mean hourly cost of tariff filings and implementation for interstate natural gas pipelines is $83.67. This represents the average composite wage (salary and benefits for 2,080 annual work-hours) of the following occupational categories: “Legal” ($128.02 per hour), “Computer Analyst” ($83.50 per hour), and “Office and Administrative” ($39.49 per hour). Wage data is available from the Bureau of Labor Statistics at http://bls.gov/oes/current/naics2_22.htm and is compiled for the top

(continued...)
Information Collection Costs: The Commission seeks comments on the costs to comply with these requirements. It has projected the average annualized cost for all respondents to be the following:

<table>
<thead>
<tr>
<th></th>
<th>FERC-545</th>
<th>FERC-549C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annualized Capital/Startup Costs</td>
<td>$138,056</td>
<td>$303,722</td>
</tr>
<tr>
<td>Annualized Costs (Operations &amp; Maintenance)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Annualized Costs</td>
<td>$138,056</td>
<td>$303,722</td>
</tr>
</tbody>
</table>

Total Cost for all Respondents = $441,778

OMB regulations require OMB to approve certain information collection requirements imposed by agency rule. The Commission is submitting notification of this proposed rule to OMB. These information collections are mandatory requirements.

**Title:** FERC-545, Gas Pipeline Rates: Rates Change (Non-Formal);

FERC-549C, Standards for Business Practices of Interstate Natural Gas Pipelines.

**Action:** Proposed collections

OMB Control Nos.: 1902-0154, 1902-0174.

10 percent earned. For the estimate of the benefits component, see http://www.bls.gov/news.release/ecec.nr0.htm.
Respondents: Business or other for profit, (i.e., Natural Gas Pipelines, applicable to only a few small businesses.) Although the intraday reporting requirements will affect electric plant operators, the Commission is not imposing the reporting burden of adopting these standards on those entities.

Frequency of Responses: One-time implementation (business procedures, capital/start-up).

Necessity of Information: The proposals in this NOPR would, if implemented, upgrade the Commission’s current business practices and communication standards by specifically: (1) requiring the posting of information on requests to purchase releasable capacity on a pipeline’s website; (2) revising standards to support the elimination of NAESB WGQ interpretations; (3) revising standards to add new data elements; and (4) revising standards related to the technical implementation and data sets for the NAESB WGQ Standards.

The implementation of these data requirements will provide additional transparency to informational posting web sites and will improve communication standards, including gas-electric communications. The implementation of these standards and regulations will promote the additional efficiency and reliability of the gas industries’ operations thereby helping the Commission to carry out its responsibilities under the Natural Gas Act of promoting the efficiency and reliability of the gas industries' operations. In addition, the Commission's Office of Enforcement will use the data for general industry oversight.
Internal Review: The Commission has reviewed the requirements pertaining to business practices of natural gas pipelines and made a preliminary determination that the proposed revisions are necessary to establish more efficient coordination between the gas and electric industries. Requiring such information ensures both a common means of communication and common business practices to limit miscommunication for participants engaged in the sale of electric energy at wholesale and the transportation of natural gas. These requirements conform to the Commission's plan for efficient information collection, communication, and management within the natural gas pipeline industries. The Commission has assured itself, by means of its internal review, that there is specific, objective support for the burden estimates associated with the information requirements.

34. Interested persons may obtain information on the reporting requirements by contacting the following: Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426 [Attention: Ellen Brown, Office of the Executive Director, e-mail: DataClearance@ferc.gov, phone: (202) 502-8663, fax: (202) 273-0873].

35. Comments concerning the collection of information(s) and the associated burden estimate(s), should be sent to the contact listed above and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, DC 20503 [Attention: Desk Officer for the Federal Energy Regulatory Commission, telephone: (202) 395-0710, fax: (202) 395-4718].
VI. **Environmental Analysis**

36. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment. The Commission has categorically excluded certain actions from these requirements as not having a significant effect on the human environment. The actions proposed here fall within categorical exclusions in the Commission's regulations for rules that are clarifying, corrective, or procedural, for information gathering, analysis, and dissemination, and for sales, exchange, and transportation of natural gas that requires no construction of facilities. Therefore, an environmental assessment is unnecessary and has not been prepared as part of this NOPR.

VII. **Regulatory Flexibility Act Analysis and Certification**

37. The Regulatory Flexibility Act of 1980 (RFA) generally requires a description and analysis of proposed rules that will have significant economic impact on a substantial number of small entities. The RFA mandates consideration of regulatory alternatives that accomplish the stated objectives of a proposed rule and that minimize any significant economic impact on a substantial number of small entities. The Small Business

---


57 18 CFR 380.4.


Administration’s (SBA) Office of Size Standards develops the numerical definition of a small business.\textsuperscript{60} The SBA has established a size standard for pipelines transporting natural gas, stating that a firm is small if its annual receipts are less than $25.5 million.\textsuperscript{61}

38. The regulations proposed here impose requirements only on interstate pipelines, the majority of which are not small businesses. Most companies regulated by the Commission do not fall within the RFA’s definition of a small entity. Approximately 165 entities are potential respondents subject to data collection FERC-545 reporting requirements and also are subject to data collection FERC 549-C reporting requirements. Nearly all of these entities are large entities. For the year 2012 (the most recent year for which information is available), only eleven companies not affiliated with larger companies had annual revenues of less than $25.5 million and are defined by the SBA as “small entities.” These companies constitute about seven percent of the total universe of potential respondents. The Commission estimates that the one-time implementation cost of the proposals in this NOPR is $441,778 (or $2,677 per entity, regardless of entity size).\textsuperscript{62} The Commission does not consider the estimated $2,677 impact per entity to be significant. Moreover, these requirements are designed to benefit all customers, including small businesses that must comply with them. Further, as noted above,

\textsuperscript{60} 13 CFR 121.101.

\textsuperscript{61} 13 CFR 121.201, subsection 486.

\textsuperscript{62} This number is derived by dividing the total cost figure by the number of respondents. $441,778/165 = $2,677.
adoption of consensus standards helps ensure the reasonableness of the standards by requiring that the standards draw support from a broad spectrum of industry participants representing all segments of the industry. Because of that representation and the fact that industry conducts business under these standards, the Commission’s regulations should reflect those standards that have the widest possible support.

39. Accordingly, pursuant to § 605(b) of the RFA, the regulations proposed herein should not have a significant economic impact on a substantial number of small entities.

VIII. **Comment Procedures**

40. The Commission invites interested persons to submit comments on the matters and issues proposed in this notice to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due [INSERT DATE thirty days after publication in the FEDERAL REGISTER]. Comments must refer to Docket No. RM96-1-038, and must include the commenter's name, the organization they represent, if applicable, and their address in their comments.

41. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's web site at http://www.ferc.gov. The Commission accepts most standard word processing formats. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not

---

63 5 U.S.C. 605(b).
in a scanned format. Commenters filing electronically do not need to make a paper filing.

42. Commenters that are not able to file comments electronically must send an original of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE, Washington, DC 20426.

43. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

IX. Document Availability

44. In addition to publishing the full text of this document in the Federal Register, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's Home Page (http://www.ferc.gov) and in the Commission's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street, NE, Room 2A, Washington, DC 20426.

45. From the Commission's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.
46. User assistance is available for eLibrary and the Commission’s website during normal business hours from the Commission’s Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. E-mail the Public Reference Room at public.referenceroom@ferc.gov.
List of subjects in 18 CFR Parts 157, 260, and 284

Incorporation by reference, Natural gas, Reporting and record keeping requirements.

By direction of the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,
Deputy Secretary.
In consideration of the foregoing, the Commission proposes to amend Parts 157, 260, and 284, Chapter I, Title 18, Code of Federal Regulations, as follows.

PART 157 – APPLICATIONS FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY AND FOR ORDERS PERMITTING AND APPROVING ABANDONMENT UNDER SECTION 7 OF THE NATURAL GAS ACT

1. The authority citation for part 157 continues to read as follows:

   **Authority**: 15 U.S.C. 717-717Z.

2. Section 157.14 is amended by revising paragraph (a) to read as follows:

   (a) *To be attached to each application.* All exhibits specified must accompany each application when tendered for filing. Together with each exhibit applicant must provide a full and complete explanation of the data submitted, the manner in which it was obtained, and the reasons for the conclusions derived from the exhibits. If the Commission determines that a formal hearing upon the application is required or that testimony and hearing exhibits should be filed, the Secretary will promptly notify the applicant that submittal of all exhibits and testimony of all witnesses to be sponsored by the applicant in support of his case-in-chief is required. Submittal of these exhibits and testimony must be within 20 days from the date of the Secretary’s notice, or any other time as the Secretary will specify. Exhibits, except exhibits F, F–1, G, G–I, G–II, and H(iv), must be submitted to the Commission on electronic media as prescribed in §385.2011 of this chapter. Receipt and delivery point information required in various exhibits must be labeled with a location point name in accordance with the name adopted in §284.12 of this chapter.

   * * * * * * *
3. Section 157.18 is amended by revising paragraph (c) to read as follows:

(c) Exhibit V—Flow diagram showing daily design capacity and reflecting operation of applicant's system after abandonment. Receipt and delivery point information required in various exhibits must be labeled with a location point name in accordance with the name adopted in § 284.12 of this chapter. A flow diagram showing daily design capacity and reflecting operating conditions of applicant's system after abandonment of facilities on that segment of the system affected by the abandonment, including the following:

*    *    *    *    *

PART 260 – STATEMENTS AND REPORTS (SCHEDULES)

4. The authority citation for part 260 continues to read as follows:


5. Section 260.8 is amended by revising paragraph (a) to read as follows:

(a) Each Major natural gas pipeline company, having a system delivery capacity in excess of 100,000 Mcf per day (measured at 14.73 p.s.i.a. and 60° F), shall file with the Commission by June 1 of each year five (5) copies of a diagram or diagrams reflecting operating conditions on its main transmission system during the previous twelve months ended December 31. For purposes of system peak deliveries, the heating season overlapping the year's end shall be used. Facilities shall be those installed and in operation on December 31 of the reporting year. All volumes shall be reported on a uniform stated pressure and temperature base. Receipt and delivery point information required in various exhibits must be labeled with a location point name in accordance with the name adopted in § 284.12 of this chapter.
PART 284 -- CERTAIN SALES AND TRANSPORTATION OF NATURAL GAS UNDER THE NATURAL GAS POLICY ACT OF 1978 AND RELATED AUTHORITIES

6. The authority citation for part 284 continues to read as follows:


7. Section 284.12 is amended by revising paragraph (a) (1) to read as follows:

Section 284.12 Standards for pipeline business operations and communications.
(a) * * *
   (1) An interstate pipeline that transports gas under subparts B or G of this part must comply with the business practices and electronic communications standards as promulgated by the North American Energy Standards Board, as incorporated herein by reference in paragraphs (a)(1)(i) thru (vii) of this section, and as revised by Minor Correction/Clarification MC15009 and Minor Correction/Clarification MC15012, as incorporated herein by reference in paragraphs (a)(1)(viii) and (ix) of this section.

   (i) Additional Standards (Version 3.0, November 14, 2014);

   (ii) Nominations Related Standards (Version 3.0, November 14, 2014);

   (iii) Flowing Gas Related Standards (Version 3.0, November 14, 2014);

   (iv) Invoicing Related Standards (Version 3.0, November 14, 2014);

   (v) Quadrant Electronic Delivery Mechanism Related Standards (Version 3.0, November 14, 2014);

   (vi) Capacity Release Related Standards (Version 3.0, November 14, 2014);
(vii) Internet Electronic Transport Related Standards (Version 3.0, November 14, 2014);

(viii) Minor Correction/Clarification, Request No. MC15009, approved April 30, 2015; and


* * * * *

8. Section 284.13 is amended by revising paragraph (c)(2)(vi) to read as follows:

* * * * *

(c) * * *

(2) * * *

(vi) The receipt and delivery points and the zones or segments covered by the contract in which the capacity is held, including the location code for each point zone or segment along with a posting on the pipeline’s website that identifies active and inactive points, the date the point becomes active or inactive, the location of the point, and an identification of the upstream or downstream entity, if any, at that point.

* * * * *
Appendix

List of Revisions in NAESB’s WGQ Version 3.0 Business Practice Standards to its Prior Business Practice Standards

Version 3.0 makes the following changes to the Version 2.1 Standards:

a. Revises Standards 0.3.28, 1.1.3, 1.3.1, 1.3.2 through 1.3.5, 1.3.7 through 1.3.9, 1.3.11, 1.3.13 through 1.3.15, 1.3.22, 1.3.27, 1.3.33, 1.3.41, 1.3.42, 1.3.51, 1.3.80, 2.3.5, 2.3.9, 2.3.14, 2.3.15, 2.3.21, 2.3.26, 2.3.40, 2.3.46, 2.3.47, 3.3.3, 3.3.7, 3.3.14, 3.3.15, 4.3.2, 4.3.3, 4.3.16, 4.3.23, 4.3.35, 4.3.45, 4.3.46, 4.3.54, 4.3.90, 5.3.2, 5.3.32, 5.3.44, 5.3.45, 5.3.48, 5.3.49, 5.3.53, 5.3.54, 5.3.56; Datasets 0.4.1, 0.4.2, 0.4.4, 1.4.1 through 1.4.7, 2.4.1 through 2.4.11, 2.4.17, 2.4.18, 3.4.1 through 3.4.4, 5.4.14 through 5.4.17, 5.4.20 through 5.4.27; Principles 1.1.15, 1.1.18, 2.1.5; and Definitions 1.2.2, 1.2.4, 2.2.5.

b. Adds Standards 0.2.5, 4.3.105, 5.3.73.

c. Deletes Standards 1.3.52, 2.3.49, 3.3.2, 3.3.20, 4.3.4, 4.3.39, 4.3.65, 5.3.27, 10.3.2; Datasets 2.4.12 through 2.4.16; and Principles 1.1.5, 1.1.7, 1.1.9, 1.1.17, 4.1.31.

Version 2.1 made the following changes to the Version 2.0 Standards:

a. Revises Standards 0.3.18, 0.3.20, 0.3.21, 1.3.27, 1.3.55, 1.3.73, 2.3.32, 4.3.23, 4.3.28, 4.3.35, 4.3.52, 4.3.67, 5.3.2, 5.3.4, 5.3.26, 5.3.38, 5.3.70, 5.3.71, 6.5.2, 7.3.16, 7.3.27; Datasets 0.4.1 through 0.4.3, 1.4.1 through 1.4.7, 2.4.1 through 2.4.7, 2.4.9 through 2.4.11, 2.4.13 through 2.4.18, 3.4.1 through 3.4.4, 5.4.14 through 5.4.17, 5.4.20 through 5.4.22, 5.4.24 through 5.4.26; and Definitions 10.2.8, 10.2.30.

b. Adds Standards 0.3.23 through 0.3.29, 1.3.58, 1.3.73, 1.3.81, 2.3.66, 4.3.103, 4.3.104; and Dataset 0.4.4.

c. Deletes Standards 0.3.19, 1.3.47, 1.3.49, 1.3.50, 1.3.54, 1.3.57, 1.3.59 through 1.3.61, 1.3.63, 2.3.33 through 2.3.35, 3.3.1, 4.3.39, 4.3.51, 4.3.56, 4.3.59, 4.3.73, 4.3.74, 4.3.76.