

157 FERC ¶ 61,036
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Cheryl A. LaFleur, and Colette D. Honorable.

MoGas Pipeline LLC

Docket No. RP16-1057-000

ORDER GRANTING IN PART AND DENYING IN PART WAIVERS AND
EXTENSIONS AND CONDITIONALLY ACCEPTING TARIFF FILING

(Issued October 20, 2016)

1. On June 30, 2016, MoGas Pipeline LLC (MoGas) submitted a tariff filing containing revised tariff records¹ to comply with the requirements established in Order Nos. 587-W² and 809³ issued in Docket Nos. RM96-1-038 and RM14-2-003, and RM14-2-000, respectively. The proposed tariff provisions implement the North American Energy Standards Board (NAESB) Wholesale Gas Quadrant's (WGQ) revised business practice standards that the Commission incorporated by reference in those rules. Additionally, MoGas has requested certain waivers to comply with the

¹ MoGas Pipeline LLC, FERC NGA Gas Tariff, Baseline Tariff, [Section 7.2, GTC - Definitions, 1.0.0](#), [Section 7.6, GTC - Procedures for Requesting Service, 2.0.0](#), [Section 7.7, GTC - Shipper Nominations and Requests, 2.0.0](#), [Section 7.21, GTC - Capacity Release Program, 4.0.0](#), and [Section 7.25, GTC - NAESB Standards, 3.0.0](#).

² *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); *order on reh'g*, 154 FERC ¶ 61,207 (2016) (Order No. 587-W).

³ *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Order No. 809, 80 Fed. Reg. 23,198 (Apr. 24, 2015), FERC Stats. & Regs. ¶ 31,368 (2015); *order on clarification*, 152 FERC ¶ 61,095 (2015) (Order No. 809).

requirements in those orders and the revised business practice standards the Commission incorporated by reference in those rules. As discussed below, in this order we will accept MoGas's tariff records for filing, effective April 1, 2016, as requested, subject to MoGas making an additional compliance filing as described in this order. Additionally, as discussed below, we will grant in part, and deny in part, MoGas's requests for waivers and will grant MoGas an extension until it must comply with the Standards on pooling.

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 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 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. The Commission required interstate natural gas pipelines to comply with the revised NAESB standards incorporated in that rule beginning on April 1, 2016.⁴ In addition, the Commission required pipelines to file tariff records to reflect the changed standards by February 1, 2016.⁵

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 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 were required to be implemented on April 1, 2016, and the Commission required interstate natural gas pipelines to 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

⁴ Order No. 809, FERC Stats. & Regs. ¶ 31,368 at P 168.

⁵ *Id.*

Order No. 809 to allow pipelines to make only a single tariff filing covering both Order Nos. 809 and 587-W.

4. MoGas filed its proposed revised tariff records to adopt Version 3.0 of the NAESB WGQ Standards, consistent with the Commission's requirements in Order Nos. 587-W and 809. MoGas requests that the tariff records referenced in footnote No. 1 become effective April 1, 2016.

II. Notice of Filing

5. Notice of MoGas's filing was published in the *Federal Register*, 81 Fed. Reg. 45,464 (2016), with interventions and protests due on or before July 12, 2016. None was filed.

III. Discussion

A. Overview

6. We find that MoGas's tariff filing generally complies with the requirements in Order Nos. 587-W and 809 and, therefore, accept it for filing, subject to certain conditions, as discussed below. We will accept MoGas's revised tariff records effective April 1, 2016.

7. The Commission has reviewed MoGas's request for waivers and finds that MoGas has provided good cause for the Commission to grant most of its requests. The Commission has explained its policy towards waivers and extensions of time in Order No. 587-V.⁶ Waivers are not appropriate in those circumstances in which no shipper has requested a service, but the pipeline is able to provide the service if requested by a shipper. In those circumstances, the Commission will grant the pipeline an extension of time to comply with the standard until such time as a shipper requests the standard. Waivers also are not appropriate when the standard does not require the pipeline to perform a business function, which the pipeline does not support.⁷ We therefore deny

⁶ *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587-V, FERC Stats. & Regs. ¶ 31,332, at P 38 (2012).

⁷ *Id.* As long as the pipeline does not perform the business function referenced in the standard, the need for the pipeline to comply with the standard is not triggered and hence no waiver or extension of time is required. If, however, the pipeline begins performing the business function, the standard(s) will already be in its tariff and the pipeline will be required to comply with the standard(s).

MoGas's request for waivers to comply with the NAESB WGQ Version 3.0 Standards governing pooling and indexed-based capacity release, but grant an extension of time to comply with this requirement until 180 days following its receipt of a customer's request for these services. Further, MoGas's requested waiver of NAESB WGQ Version 3.0 Standard 0.4.1 relating to storage is denied as unnecessary since MoGas does not provide storage services. We will grant the remaining waiver requests in MoGas's June 30, 2016 filing, without further discussion.

B. Waivers of Pooling Standards

8. MoGas requests continuation of its waivers of the NAESB WGQ Standards governing pooling. MoGas states that the Commission has granted such waivers in the past,⁸ and that, given the nature of its pipeline system it does not have the ability to provide pooling services.⁹ We deny the requested waivers of the NAESB WGQ Version 3.0 Standards relating to pooling.¹⁰ In support of its waiver requests MoGas contends that it was granted a waiver in its certificate proceeding, that no shipper has requested pooling, and that much of its gas is aggregated upstream of MoGas's system. MoGas indicates, however, that it is willing to provide pooling if requested by a shipper. Based on the information provided we do not believe pooling is infeasible on the MoGas system. We therefore decline to grant a waiver of the pooling requirement, but will grant MoGas an extension of time to comply with the NAESB WGQ Standards relating to pooling until 180 days following its receipt of a request from a Part 284 customer, at which time it must commence compliance with the NAESB WGQ Version 3.0 Standards relating to pooling.¹¹ Accordingly, MoGas is directed to file revised tariff records within 20 days from the date of issuance of this order to change the reference from waiver to extension of time for NAESB WGQ Version 3.0 Standards 1.3.17, 1.3.18, and 3.3.6 in

⁸ *Trans-Union Interstate Pipeline L.P.*, 141 FERC ¶ 61,167, at P 16 (2012) (Order on Filings in Compliance with Order No. 587-V).

⁹ Pooling is: (1) the aggregation of gas from multiple physical and/or logical points to a single physical or logical point, and/or (2) the dis-aggregation of gas from a single physical or logical point to multiple physical and/or logical points.

¹⁰ NAESB WGQ Version 3.0 Standards 1.3.17, 1.3.18, and 3.3.6.

¹¹ The extension of time is limited to the NAESB WGQ Version 3.0 Standards promulgated by Order No. 587-W. *See B-R Pipeline Co.*, 128 FERC ¶ 61,126, at P 6 (2009) (each time the Commission adopts new versions of the standards, a pipeline seeking to retain an existing waiver must request a waiver of the new standards).

the section titled “Standards for which Waiver or Extension of Time to Comply have been granted.”

C. Waiver of the Electronic Data Interchange Data Sets

9. MoGas requests continuation of its limited waiver of the NAESB WGQ Version 3.0 Electronic Data Interchange (EDI) datasets.¹² In support of its request, MoGas asserts that it is a small pipeline with 10 firm shippers. MoGas explains that the provision of data using EDI would be unduly burdensome given MoGas’s small size and customer base. MoGas states that, as of April 1, 2016, MoGas will allow a shipper to submit a nomination under the new nomination and scheduling timelines in Order Nos. 809 and 587-W. MoGas commits to continuing to provide requested data in an alternate format such as flat file. MoGas states that none of MoGas’s shippers have requested the use of an EDI mechanism. MoGas asserts that the Commission has previously granted MoGas a limited waiver of the NAESB WGQ Standards relating to EDI datasets due to MoGas’s operational and market circumstances.¹³ For good cause shown, the Commission grants MoGas continuation of these requested limited waivers.¹⁴

D. Waiver of Requirement to Support Index-Based Capacity Releases

10. MoGas requests a continuation of its waiver of NAESB WGQ Version 3.0 Standard 5.3.65, which is a business practice standard that requires a pipeline to support indexed-based releases. These Standards provide additional flexibility to shippers and create a uniform method that enables releasing and replacement shippers to use third-party rate indices to create rate formulas for capacity releases that will better reflect the value of capacity.¹⁵ These Standards also reflect a reasonable compromise for dealing with copyright issues that arise in using copyrighted gas indices to set prices, ensuring that shippers have a reasonable choice of available indices to use while equitably spreading the costs entailed by the use of such indices among the pipelines and shippers.

¹² EDI standards require pipelines to maintain and operate an interactive web-site.

¹³ Order on Filings in Compliance with Order No. 587-V, 141 FERC ¶ 61,167 at P 30.

¹⁴ NAESB WGQ Version 3.0 Standards 0.4.1 through 0.4.3, 1.4.1 through 1.4.7, 2.4.1 through 2.4.8, 2.4.10, 2.4.11, 2.4.17, 2.4.18, 3.4.1 through 3.4.4, 5.4.14 through 5.4.17, 5.4.24 through 5.4.27.

¹⁵ See *Eastern Shore Natural Gas Co.*, 154 FERC ¶ 61,250, at P 30 (2016) (*Eastern Shore*).

11. MoGas asserts that there are no representative indexed references for its pipeline, and that shippers are unlikely to request such releases. Consistent with the Commission's prior rulings,¹⁶ and MoGas's contention that there are no representative index references for its pipeline system, and that shippers are unlikely to request such releases, we find it reasonable to not require MoGas to acquire and pay for the licenses necessary to support indices at this time. The Commission will grant MoGas an extension of time to comply with NAESB WGQ Version 3.0 Standard 5.3.65 and its requirement to support at least two non-public price index references until a releasing shipper presents an index-based capacity release. If such a request is made, the pipeline will need to pay whatever licensing costs are necessary to cover its processing of the release.¹⁷ Accordingly, MoGas is directed to file revised tariff records within 20 days from the date of issuance of this order to change the reference from waiver to extension of time for NAESB WGQ Version 3.0 Standard 5.3.65 in the section titled "Standards for which Waiver or Extension of Time to Comply have been granted."

E. Waiver of Standard 0.4.1

12. MoGas requests waiver of the requirement for it to comply with NAESB WGQ Version 3.0 Standard 0.4.1, which is a business practice standard that requires a pipeline to provide the service requesters with information related to storage activities and/or balances. We will deny the requested waiver. In support of its waiver request, MoGas explains that it continues to lack storage facilities and that it is currently not feasible for MoGas to provide storage services. However, this business practice standard only applies in situations where it is feasible for a pipeline to provide storage services.¹⁸ Thus, we find no need to grant the requested waiver. If at some point MoGas provides storage services, it will be required to comply with the standard. Accordingly, MoGas is directed

¹⁶ Order on Filings in Compliance with Order No. 587-V, 141 FERC ¶ 61,167 at P 35; *MoGas Pipeline LLC*, 133 FERC ¶ 61,035, at PP 8-11 (2010).

¹⁷ MoGas will not have to support more than two indices at any time, because any subsequent releasing shippers will be able to avail themselves of the index or indices currently supported by the requesting pipeline.

¹⁸ See *Eastern Shore*, 154 FERC ¶ 61,250 at P 6, where we stated, "waivers or extensions of time will not be granted for standards that merely describe the process by which a pipeline must perform a business function, if it performs that function, and where the standard does not require the pipeline to perform the business function. In such a case, as long as the pipeline does not perform the business function, it does not trigger a requirement to comply with the standard and hence no waiver or extension of time is required."

to file revised tariff records within 20 days from the date of issuance of this order to remove NAESB WGQ Version 3.0 Standard 0.4.1 from section titled “Standards for which Waiver or Extension of Time to Comply have been granted:,” and to list Standard 0.4.1 in section titled “Standards Incorporated by Reference:,” in General Terms and Conditions (GT&C) Section 7.25, NAESB Standards, of its tariff.

F. Other Waivers

13. In GT&C Section 7.25, NAESB Standards, of MoGas’s tariff, MoGas provides in relevant part that “[i]n addition and related to the data sets listed [in MoGas’s tariff record], to the extent any of the *other* standards incorporated by reference in this Section 7.25 implicate the EDI/[Electronic Delivery Mechanism (EDM)], that requirement is waived.” (emphasis added). The Commission will deny the requested waivers because MoGas’s request fails to specify the “other” standards incorporated by reference in its tariff, by standard number, for which it seeks a waiver relating to EDI/EDM in the section titled “Standards for which Waiver or Extension of Time to Comply have been granted:.” Many of the standards, including some of the electronic standards, incorporated by reference in the NAESB WGQ’s Version 3.0 Business Practice Standards, are unchanged from the prior version of the standards. If MoGas makes a revised request for a waiver, it needs to identify those “other” standards, by standard number, for which it requests an extension or waiver, as well as providing the reason why such a waiver is needed.¹⁹ Accordingly, MoGas is directed to file a revised tariff record within 20 days from the date of issuance of this order to remove the aforementioned proposed tariff modification.

G. Other Compliance Issues

14. While, as explained above, MoGas’s compliance filing is largely compliant with the directives in Order Nos. 587-W and 809, we find that an additional compliance filing is needed to reflect the findings in this order. Thus, we will direct MoGas to file revised tariff records within 20 days from the date of issuance of this order to: (1) revise the term “NAESB” to read “North American Energy Standards Board” in GT&C Section 7.2, Definitions; (2) revise the text of the Timely Nomination Cycle to provide that scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day in GT&C Section 7.7, Shipper Nominations and Requests; (3) revise the text of the Evening Nomination Cycle to provide that the Evening Nomination Cycle occurs on

¹⁹ See Order No. 587-W, FERC Stats. & Regs. ¶ 31,373 at P 42 (pipelines requesting [waiver] must include in their tariff a statement identifying any standards for which the pipeline has been granted a waiver, extension of time, or other variance with respect to compliance with the standard).

the day prior to gas flow and scheduled quantities resulting from Evening Nominations should be effective at the start of the next Gas Day in GT&C Section 7.7, Shipper Nominations and Requests; (4) revise the Intraday 1 Nomination Cycle receipt of completed confirmations time in GT&C Section 7.7, Shipper Nominations and Requests; (5) change the reference from “waiver” to “extension of time” for NAESB WGQ Version 3.0 Standards 1.3.17, 1.3.18, and 3.3.6 in the section titled “Standards for which Waiver or Extension of Time to Comply have been granted;” (6) remove Standard 5.3.73 from section titled “Standards Incorporated by Reference;” because the text of the Standard is included in GT&C Section 7.21.9, Notice of Offers to Purchase Released Capacity; (7) remove NAESB WGQ Version 3.0 Standard 0.4.1 from section titled “Standards for which Waiver or Extension of Time to Comply have been granted;” (8) list Standard 0.4.1 in section titled “Standards Incorporated by Reference;” in GT&C Section 7.25, NAESB Standards; and (9) remove the text “[i]n addition and related to the data sets listed above, to the extent any of the other standards incorporated by reference in this Section 7.25 implicate the EDI/EDM, that requirement is waived” from the section titled “Standards for which Waiver or Extension of Time to Comply have been granted;.”

The Commission orders:

(A) MoGas’s referenced tariff records are hereby accepted for filing, to be effective April 1, 2016, subject to it making a compliance filing with 20 days from the date of issuance of this order revising its tariff as discussed in the body of this order.

(B) MoGas’s requests for waivers are granted in some instances and denied in others, as discussed in the body of this order and the extensions of time and/or waivers granted herein are limited to the NAESB WGQ’s Version 3.0 Standards promulgated by Order No. 587-W.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.