

DEPARTMENT OF ENERGY**Federal Energy Regulatory Commission****18 CFR Part 284****[Docket No. RM96-1-024; Order No. 587-R]****Standards for Business Practices of Interstate Natural Gas Pipelines**

March 12, 2003.

AGENCY: Federal Energy Regulatory Commission.**ACTION:** Final rule.

SUMMARY: The Federal Energy Regulatory Commission is amending its regulations governing standards for conducting business practices with interstate natural gas pipelines. The Commission is incorporating by reference the most recent version of the standards, Version 1.6, promulgated July 31, 2002, by the Wholesale Gas Quadrant (WGQ) of the North American Energy Standards Board (NAESB) and the WGQ standards governing partial day recalls (recommendations R02002 and R02002-2), adopted October 31, 2002. These standards can be obtained from NAESB at 1100 Louisiana, Suite 3625, Houston TX 77002, 713-356-0060, <http://www.naesb.org>.

DATES: The rule will become effective April 21, 2003. Pipelines must file tariff sheets to reflect the changed standards by May 1, 2003, with an effective date of July 1, 2003.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

1. The Federal Energy Regulatory Commission (Commission) is amending § 284.12 of its open access regulations governing standards for conducting business practices and electronic communications with interstate natural gas pipelines. The Commission is adopting the most recent version, Version 1.6, of the consensus standards promulgated by the Wholesale Gas Quadrant (WGQ) of the North American

Energy Standards Board (NAESB), and the WGQ standards governing partial day recalls. This rule will benefit the public by adopting the most recent and up-to-date standards governing business practices and electronic communication and by providing shippers with enhanced flexibility to recall released capacity.

Background

2. Since 1996, in the Order No. 587 series,¹ the Commission has adopted regulations to standardize the business practices and communication methodologies of interstate pipelines in order to create a more integrated and efficient pipeline grid. In this series of orders, the Commission incorporated by reference consensus standards developed by the WGQ (formerly the Gas Industry Standards Board or GISB), a private consensus standards developer composed of members from all segments of the natural gas industry. The WGQ is an accredited standards organization under the auspices of the American National Standards Institute (ANSI).

3. On October 7, 2002, the WGQ filed with the Commission a report informing the Commission that it had adopted a new version of its standards, Version 1.6. The WGQ reports that while Version 1.5 contained many of the standards designed to support Order No. 637,² Version 1.6 includes additional standards that support Order No. 637. It states: "development of standards to support FERC Order No. 637 was given the highest priority by all NAESB

subcommittees and task forces." The WGQ further reports that the surety assessment performed by the Sandia National Laboratories on the GISB EDM (Electronic Delivery Mechanism) standards was accepted by GISB and forwarded to the EDM Subcommittee for review and development of standards in October 2000. It states that some of the Sandia recommendations were implemented in Version 1.5, and the remainder were implemented in Version 1.6. Finally, the WGQ reports that work continues on requests for both new and revised business practices, information requirements, code value assignments, technical implementation and mapping or interpretations.

4. In Order No. 587-N,³ the Commission adopted a regulation requiring that pipelines permit releasing shippers to recall released capacity and renominate that recalled capacity at any of the nomination opportunities provided by the pipelines. The Commission established a two-phased implementation for this regulation. In the first phase, the Commission established an interim schedule under which releasing shippers could recall capacity, as long as the recall did not involve a partial or flowing day recall (a recall of scheduled gas after the gas begins to flow). Pipelines implemented the first phase as of July 1, 2002. In the second phase, the Commission asked the WGQ within six months to develop standards dealing with the operational details of permitting partial or flowing day recalls, in particular the method by which capacity would be allocated between releasing and replacement shippers. The Commission established October 1, 2002, as the date by which the WGQ and other industry members should submit a report and further provided for reply comments to be filed by October 15, 2002.

5. On October 2, 2002, the WGQ filed a report stating that its Executive Committee had adopted standards governing partial or flowing day recalls in Recommendations R02002 and R02002-2. The WGQ membership ratified these standards on October 31, 2002.

6. On November 29, 2002, the Commission issued a Notice of Proposed Rulemaking (NOPR)⁴ that proposed to adopt Version 1.6 of the WGQ standards and the partial or

¹ Standards For Business Practices Of Interstate Natural Gas Pipelines, Order No. 587, 61 FR 39053 (Jul. 26, 1996), FERC Stats. & Regs. Regulations Preambles (July 1996-December 2000) ¶ 31,038 (Jul. 17, 1996), Order No. 587-B, 62 FR 5521 (Feb. 6, 1997), FERC Stats. & Regs. Regulations Preambles (July 1996-December 2000) ¶ 31,046 (Jan. 30, 1997), Order No. 587-C, 62 FR 10684 (Mar. 10, 1997), FERC Stats. & Regs. Regulations Preambles (July 1996-December 2000) ¶ 31,050 (Mar. 4, 1997), Order No. 587-G, 63 FR 20072 (Apr. 23, 1998), FERC Stats. & Regs. Regulations Preambles (July 1996-December 2000) ¶ 31,062 (Apr. 16, 1998), Order No. 587-H, 63 FR 39509 (July 23, 1998), FERC Stats. & Regs. Regulations Preambles (July 1996-December 2000) ¶ 31,063 (July 15, 1998), Order No. 587-I, 63 FR 53565 (Oct. 6, 1998), FERC Stats. & Regs. Regulations Preambles (July 1996-December 2000) ¶ 31,067 (Sept. 29, 1998), Order No. 587-K, 64 FR 17276 (Apr. 9, 1999), FERC Stats. & Regs. Regulations Preambles (July 1996-December 2000) ¶ 31,072 (Apr. 2, 1999), Order No. 587-M, 65 FR 77285 (Dec. 11, 2000), FERC Stats. & Regs. Regulations Preambles (July 1996-December 2000) ¶ 31,114 (Dec. 11, 2000), Order No. 587-N, 67 FR 11906 (Mar. 18, 2002), III FERC Stats. & Regs. Regulations Preambles ¶ 31,125 (Mar. 11, 2002), Order No. 587-O, 67 FR 30788 (May 8, 2002), III FERC Stats. & Regs. Regulations Preambles ¶ 31,129 (May 1, 2002).

² Regulation of Short-Term Natural Gas Transportation Services, Order No. 637, 65 FR 10156 (Feb. 25, 2000), FERC Stats. & Regs. Regulations Preambles (July 1996-December 2000) ¶ 31,091 (Feb. 9, 2000).

³ Order No. 587-N, 67 FR 11906 (Mar. 18, 2002), III FERC Stats. & Regs. Regulations Preambles ¶ 31,125 (Mar. 11, 2002).

⁴ Standards For Business Practices Of Interstate Natural Gas Pipelines, Notice of Proposed Rulemaking (NOPR), 67 FR 72870 (Dec. 9, 2002), IV FERC Stats. & Regs. Proposed Regulations ¶ 32,566 (Nov. 29, 2002).