| FERC Notice of Proposed Rulemaking, Coordination of the Scheduling Process of Interstate Natural Gas Pipelines and Public Utilities, Issued March 20, 2014 – RM 14-2-000[[1]](#footnote-1) | |
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| Instructions to NAESB: | |
| P 10 | Therefore, we are providing the natural gas and electric industries, through NAESB, with a period of 180 days after publication of the Proposed Rule in the *Federal Register* to reach consensus on any revisions to the Commission’s proposals and either file consensus standards with the Commission or notify the Commission of its inability to reach consensus on any revisions to the Commission’s proposals.  The Commission appreciates the recent work of the Natural Gas Council (NGC), the Desert Southwest Pipeline Stakeholders (DSPS), and others to formulate proposals for Commission consideration. These efforts represent a significant step forward in helping to address the scheduling issues confronting the natural gas and electric industries, and we encourage these parties to continue their work and participate in the NAESB process to formulate a consensus proposal, consistent with the policies discussed herein.  In addition, while the proposals in this Proposed Rule focus on natural gas industry regulations, we expect the electric industry (particularly the ISOs and RTOs) to participate in these efforts to help ensure that the resulting consensus reasonably accommodates the interests of both industries. |
| P 11 | In the event that NAESB is able to reach a consensus on revisions to the Commission’s proposals, comments on those consensus standards, as well as comments on the Commission’s proposals, are to be filed 240 days after publication of the Proposed Rule in the Federal Register. Because NAESB is an ANSI accredited consensus standards organization, the Commission could incorporate by reference in a final rule consensus standards filed by NAESB.  In the event that NAESB in unable to reach a consensus on any revisions to the Commission’s proposals, comments on the Commission’s proposals also are to be filed 240 days after publication of the Proposed Rule in the Federal Register. If the Commission adopts regulations that have not been approved by NAESB, it will expect NAESB to integrate the Commission’s regulations into its standards within 90 days of the effective date of the final rule and to notify the Commission when the standards have been approved. |
| P 35 | While we are putting forth specific proposals (described in more detail below) in.these areas, we continue to recognize that the natural gas and electricity industries are best positioned to work out the details of how changes in scheduling practices can most efficiently be made and implemented, consistent with the policies discussed here. For this reason, as noted above, we are providing time for the two industries to reach consensus on standards in these areas, including standards potentially different than the specific proposals herein. Participants in the NAESB process should explore whether consensus can be reached on any changes to the scheduling practices at issue in this Proposed Rule that would address the policy concerns identified herein. We urge both the natural gas and electric industries to once again marshal their resources and jointly consider all proposals and seek reasonable compromise on a broadly supported and comprehensive set of standards that will achieve the needed integration of the natural gas and electric industry scheduling practices. |
| P 64 | The timelines we propose below are based on the proposed adoption of 4:00 a.m. 64.CCT as the start of the Gas Day. The proposed intraday nomination schedules seek to preserve a reasonable number of hours between the intraday nomination periods and the end of the Gas Day.86 This will provide shippers with reasonable opportunities to reschedule gas based on the amount of contract demand or flow remaining.87 While we propose nomination times below, we continue to recognize that the natural gas and electricity industries are best positioned to work out the details of how changes in scheduling practices can most efficiently be made and implemented, consistent with the policies discussed here. NAESB may also consider different approaches to providing flexibility.88 |
| P 75 | The Commission finds the continuation of this approach with respect to enhanced .nomination proposals by pipelines reasonably balances the interest of firm and interruptible customers by permitting the firm shippers to utilize the rights for which they pay reservation charges and by permitting interruptible shippers to renominate bumped volumes as quickly as possible. NAESB should consider revisions to Standard 1.3.39 and Standard 1.3.41 to reflect these policies to alleviate the need for pipelines to seek waiver or make other filings regarding Standard 1.3.39.105 |
| P 82 | Office of Management and Budget Circular A-119 (section 11 (February 10, 1998) 82.provides that federal agencies should publish a request for comment in a NOPR when the agency is proposing to use a government-unique standard in lieu of a voluntary consensus standard, provide a statement which identifies such standards and provides a preliminary explanation for the proposed use of a government-unique standard in lieu of a voluntary consensus standard. While the Commission previously has adopted NAESB standards regarding natural gas and electric utility scheduling, NAESB has thus far been unable to reach consensus on standards coordinating the scheduling between these two industries because these issues involve policy questions more appropriate for resolution by the Commission.111 In this NOPR, the Commission is proposing, and seeking comment on whether, revisions to the NAESB standards are necessary to provide more efficient coordination between the two industries to reduce costs and to promote the provision of reliable service. However, the Commission is providing NAESB an opportunity, as it has in the past, to consider these policy goals and develop consensus standards that may better fit the business practices of the two industries. |
| **Commission Proposal – Amendments to Chapter I, Title 18 of the CFR, Part 284.12** | |
|  | (i) Standard time for the gas day should be 4 a.m. to 4 a.m. (central clock time or CCT).  (ii) A pipeline must support the following standard nomination cycles (all times are central clock time):  (A) Timely Nomination Cycle. The deadline for shippers to submit gas nominations to a pipeline for delivery the next gas day is 1:00 p.m.; the pipeline must provide notice to shippers of scheduled quantities by 4:30 p.m.; and scheduled quantities for the Timely Nomination Cycle shall be effective for flow at 4:00 a.m. on the next gas day.  (B) Evening Nomination Cycle. The deadline for shippers to submit gas nominations to a pipeline for delivery the next gas day is 6:00 p.m.; the pipeline must provide notice to shippers of scheduled quantities and provide notice to interruptible shippers whose scheduled quantities will be reduced by an Evening Nomination by a firm shipper by 10:00 p.m.; and scheduled quantities for the Evening Nomination Cycle shall be effective for flow at 4:00 a.m. on the next gas day.  (C) Intraday 1. The deadline for shippers to submit gas nominations to a pipeline for delivery the same gas day is 8:00 a.m.; the pipeline must provide notice to shippers of scheduled quantities and provide notice to interruptible shippers whose scheduled quantities will be reduced by an Intraday 1 Nomination by a firm shipper by 11:00 a.m.; and scheduled quantities for the Intraday 1 Nomination Cycle shall become effective for flow at 12:00 p.m. the same gas day.  (D) Intraday 2. The deadline for shippers to submit gas nominations to a pipeline for delivery the same gas day is 10:30 a.m.; the pipeline must provide notice to shippers of scheduled quantities and provide notice to interruptible shippers whose scheduled quantities will be reduced by an Intraday 2 Nomination by a firm shipper by 2:00 p.m.; and scheduled quantities for the Intraday 2 Nomination Cycle shall become effective for flow at 4:00 p.m. the same gas day.  (E) Intraday 3. The deadline for shippers to submit gas nominations to a pipeline for delivery the same gas day is 4:00 p.m.; the pipeline must provide notice to shippers of scheduled quantities and provide notice to interruptible shippers whose scheduled quantities will be reduced by an Intraday 3 Nomination by a firm shipper by 6:00 p.m.; and scheduled quantities for the Intraday 3 Nomination Cycle shall become effective for flow at 7:00 p.m. the same gas day.  (F) Intraday 4. The deadline for shippers to submit gas nominations to a pipeline for delivery the same gas day is 7:00 p.m.; the pipeline must provide notice to shippers of scheduled quantities by 9:00 p.m.; and scheduled quantities for the Intraday 4 Nomination Cycle shall become effective for flow at 9:00 p.m. the same gas day. An interruptible shipper’s scheduled quantities cannot be reduced as a result of an Intraday 4 Nomination by a firm shipper.  (iii) When an interruptible shipper's scheduled volumes are to be reduced as a result of an intraday nomination by a firm shipper, the interruptible shipper must be provided with advance notice of such reduction and must be notified whether penalties will apply on the day its volumes are reduced.  (iv) \*\*\*  (v) A pipeline must allow multiple shippers associated with a designated agent or asset manager to be jointly and severally liable under a single firm transportation service agreement, subject to reasonable terms and conditions. |
| Specific Cites on the Proposal: | |
| P 40 | The Commission is proposing to move the start of the Gas Day to 4:00 a.m. CCT. |
| P 48 | The Commission proposes to move the deadline for submitting nominations in the 48.Timely Nomination Cycle later than the current 11:30 a.m. CCT deadline, to 1:00 p.m. CCT, in order to provide sufficient time for electric utilities to complete their processes for selecting generating resources to operate prior to this first, and most liquid, time in the natural gas supply and interstate natural gas pipeline transportation service markets. It appears that our objective of a later deadline for submitting nominations in the Timely Nomination Cycle can be accomplished without any other changes to the Timely Nomination Cycle or Evening Cycle timelines, including the 4:30 p.m. CCT deadline for the pipeline to provide notice of scheduled quantities. The three and a half hour period from 1:00 pm CCT to 4:30 p.m. CCT is consistent with INGAA and NGSA’s comments that several hours are needed for pipelines to confirm and provide scheduled quantities to shippers. However, the industry can consider whether any revisions or changes are necessary to accommodate a later Timely Cycle nomination deadline. |
| P 49 | To make sure that ISO and RTO market clearing processes will sufficiently align with this later proposed nomination deadline for submitting nominations in the Timely Nomination Cycle, the Commission also is instituting a proceeding under section 206 of the Federal Power Act (FPA)69 (in a contemporaneous order in Docket No. EL14-22-000 et al.) to ensure that the ISOs and RTOs modify their day-ahead market processes and scheduling such that generators will receive dispatch instructions in sufficient time to be able to acquire natural gas and transportation by the start of the Timely Nomination Cycle (as revised in the instant proceeding) and to complete their supplemental reliability dispatch in sufficient time for generators to use the Evening Cycle. |
| P 52 | Taking these considerations into account, we are proposing that the electric markets clear prior to the pipelines’ Timely Nomination Cycle. We conclude that moving the Timely Nomination Cycle later than the current 11:30 a.m. CCT deadline, along with examining whether the ISOs and RTOs should modify their day-ahead market processes, could expand the options available to gas-fired generators. Currently, gas-fired generators in some regions are not provided the opportunity to buy natural gas and arrange natural gas transportation at a time when they know the results of the day-ahead electric market and the natural gas markets are most liquid. |
| P 63 | To address concerns that the current standard, nation-wide intraday nomination opportunities do not provide shippers – especially natural gas-fired generators – with sufficient flexibility, the Commission proposes to modify the current natural gas nomination timeline so that in addition to the Timely and Evening nomination cycles, shippers will have four intraday cycles to reschedule gas rather than the existing two. |
| P 64 | Intra-Day 1. To accommodate the proposed move of the start of the Gas Day from 9:00 a.m. CCT to 4:00 a.m. CCT, the proposed Intra-Day 1 cycle would provide an early morning opportunity for shippers to nominate gas with nominations submitted by 8:00 a.m. CCT and an effective time of 12:00 p.m. CCT.  Intra-Day 2. The proposed Intra-Day 2 cycle would replace the current Intra-Day 1 mid-morning nomination cycle and would permit bumping. We propose to move the current deadline for shippers to submit gas nominations for delivery the same Gas Day from 10:00 a.m. CCT to 10:30 a.m. CCT. In addition, nominations would become effective at 4:00 p.m. CCT, rather than at 5:00 p.m. under the current standards.  Intra-Day 3. The proposed Intra-Day 3 cycle would provide an additional bumping opportunity for firm shippers, with nominations submitted by 4:00 p.m. CCT, notice to bumped shippers would be provided at 6:00 p.m. CCT, and the nomination would become effective at 7:00 p.m. CCT.  Intra-Day 4: Intra-Day 4 would replace the current no-bump cycle. We propose to move the current nomination deadline from 5:00 p.m. CCT to 7:00 p.m. CCT, which will provide interruptible shippers bumped during the Intra-Day 3 cycle with one hour to reschedule bumped service. The effective flow time for Intra-Day 4 would be at 9:00 p.m. CCT. |
| P 66 | The proposed addition of a new Intra-Day 1 early morning cycle is consistent with 66.the proposed change to the start of the Gas Day from 9:00 am CCT to 4:00 am CCT. Currently, gas flow for Intra-Day 1 starts one-third of the way, or eight hours, into the Gas Day.90 We propose to retain that same time span between the newly proposed start of the Gas Day and the flow of gas for Intra-Day 1 nominations that will flow that same day. |
| P 67 | We propose to maintain a mid-morning bumpable intraday nomination opportunity for shippers that need to respond to forecasted changes in weather or other events occurring later than the early morning cycle. We propose to move the nomination deadline one half hour later from 10:00 a.m. CCT to 10:30 a.m. CCT and to move the effective or gas flow time one hour earlier from 5:00 p.m. CCT to 4:00 p.m. CCT. The gas flow time for this proposed Intra-Day 2 Cycle will be half way through the proposed 4:00 a.m. to 4:00 a.m. Gas Day, and thus confirmed nominations in our proposed Intra-Day 2 Cycle will flow for 12 hours, as under the existing Intra-Day 2 Cycle.91 We are proposing that nominations for this intraday cycle be submitted by 10:30 a.m., in order to give pipelines two and a half hours to confirm those nominations before the 1:00 p.m. deadline for day-ahead nominations to be submitted in the Timely Nomination Cycle. |
| P 68 | The proposed new Intra-Day 3 cycle, which is a 4:00 p.m. CCT late-afternoon bump cycle, should provide firm shippers, even those on the West Coast, with sufficient time to react to revised weather forecasts and other demand changes and schedule needed quantities. Under this proposal, pipelines would provide notice of bumping to affected shippers at 6:00 p.m. CCT, and the nominations would become effective at 7:00 p.m. CCT. |
| P 69 | Maintaining the No-Bump Rule during the proposed Intra-Day 4 cycle will provide such assurances for interruptible shippers, while allowing bumping during the proposed new Intra-Day 3 cycle will permit firm shippers to utilize the higher priority service for which they are paying. |
| P 76 | The Commission is also proposing to revise its regulations to require pipelines to offer multi-party transportation contracts, under which multiple shippers can share interstate natural gas pipeline capacity under a single service agreement. |
| P 80 | In order to provide this contracting flexibility to shippers on all interstate pipelines, the Commission proposes to revise Part 284 of its regulations to require interstate natural gas pipelines that offer firm transportation service under subpart B or G of Part 284 to allow multiple shippers associated with a designated agent or asset manager to be jointly and severally liable under a single firm transportation service agreement, subject to reasonable terms and conditions. Consistent with the multi-party contract tariff provisions the Commission has previously approved, such reasonable terms and conditions may include requirements that (1) the shippers and agent demonstrate their agency relationship in writing and (2) the shippers are willing to be treated collectively as one shipper for nomination, allocation, and billing purposes under the contract. |
| P 81 | The Commission requests comment on whether the Commission should require pipelines to offer multi-party service agreements for interruptible transportation service. |
| P 82 | In this NOPR, the Commission is proposing, and seeking comment on whether, revisions to the NAESB standards are necessary to provide more efficient coordination between the two industries to reduce costs and to promote the provision of reliable service. However, the Commission is providing NAESB an opportunity, as it has in the past, to consider these policy goals and develop consensus standards that may better fit the business practices of the two industries. |

1. FERC Notice of Proposed Rulemaking, *Coordination of the Scheduling Process of Interstate Natural Gas Pipelines and Public Utilities*, 146 FERC ¶ 61,201 (2014) (NOPR) *Available at*: <http://www.ferc.gov/whats-new/comm-meet/2014/032014/M-1.pdf>. [↑](#footnote-ref-1)