NAESB 2012 Annual Plan Item 14.a

FERC Order No. 587-V issues and implications to NAESB Standards – Address issues other than design capacity and modify standards as needed

AGA COMMENTS TO EC re BPS PROPOSED MODIFICATION OF 4.3.4 AND 10.3.2
Submitted by Pete Connor 2/4/13

AGA believes that rather than modify Standards 4.3.4 and 10.3.2; these standards should simply be deleted. AGA believes the industry would be better off with no NAESB standard in this case and would like to have a discussion at the EC level before the vote. The proposed modifications are as follows:

Proposed Modified NAESB WGQ Standard No. 4.3.4

Trading partners should retain transactional data for at least ~~24~~ thirty-six (36)months for audit purposes. This data retention requirement only applies to the ability to recover or regenerate electronic records for a period of ~~two~~ thirty-six (36) years months and does not otherwise modify statutory, regulatory, or contractual record retention requirements.

Proposed Modified NAESB WGQ Standard No. 10.3.2

Trading partners should retain audit trail data for at least ~~24~~ thirty-six (36)months. This data retention requirement does not otherwise modify statutory, regulatory, or contractual record retention requirements.

For years, FERC has refused to incorporate these standards into its 587 Orders because they are not consistent with FERC regulations shown below (See Attachment A). FERC did not require or even suggest that NAESB should modify these standards in its latest Order 587-V addressing Version 2.0. FERC simply ignored them and did not incorporate them.

The option "...to delete these standards as the concept is addressed elsewhere." was discussed at the September 27, 2012 BPS meeting. However, it was also suggested by a member of the pipeline segment at that same meeting :

"that deleting the standards would be a disservice to the non-regulated entities that use NAESB standards and the logical thing to do would be to modify the standards to comply with FERC regulations."

While it was this direction that was adopted by BPS, there was really no ability by AGA to test the above conclusion reached at that time and after surveying its members, AGA now takes the position that deleting these standards would in fact not be a disservice to its members. In fact,the proposed modifications could more likely cause a burden and disservice to non FERC regulated entities by being having to retain such audit trail data for an additional, albeit they could do so regardless of whether the standards remained unmodified or deleted.

While consistency with FERC regulations does seem logical from a pipeline sense, there is not reason to potentially affect the rest of the industry when simple deletion would serve all industry participants.

AGA recognizes there was an opportunity prior to this point to oppose these modifications at the subcommittee level .

Nevertheless, the process permits AGA to raise issue with the proposed modifications now. Nothing in the record to date suggests an upside to modification over deletion. Nothing in the record suggests FERC would have any problem with NAESB deleting these standards.

Consequently, rather than risk additional costs and potential additional administrative burden to LDC's and non-regulated entities AGA urges the EC not to approve the modification of these standards and instead approve their deletion. If non pipeline interests believe it is important to have such standards with a three year retention time frame, they can always make a request.

Attachment A

CFR 284.12 (b)(3)(v)

(v) A pipeline must maintain, for a period of three years, all information displayed and transactions conducted electronically under this section and be able to recover and regenerate all such electronic information and documents. The pipeline must make this archived information available in electronic form for a reasonable fee.

Specifically, the existing standards reflect a two year time frame rather than a three year time frame the FERC regulation requires—not withstanding the standards.
Whether these standards are modified or not, pipelines will be held to the three year time frame. However, that may not be the case for LDC's or other trading partners. In fact, modifying these standards to reflect a three year retention time frame could result in additional costs and administrative burden for non pipeline trading partners.