

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Coordination of the Scheduling Processes of) Docket No. RM14-2-000
Interstate Natural Gas Pipelines and Public Utilities)

**SUPPLEMENTAL REQUEST FOR CLARIFICATION
OF THE AMERICAN GAS ASSOCIATION,
THE AMERICAN PUBLIC GAS ASSOCIATION, AND
THE INTERSTATE NATURAL GAS ASSOCIATION OF AMERICA**

On May 28, 2015, the American Gas Association (“AGA”), the American Public Gas Association (“APGA”), and the Interstate Natural Gas Association of America (“INGAA”) (collectively, “the Associations”) filed a Request for Clarification in this proceeding, seeking the Federal Energy Regulatory Commission (“Commission”) to clarify the date interstate natural gas pipelines must implement the revised North American Energy Standards Board (“NAESB”) standards as required by Order No. 809.¹ Among other things, the Associations requested that the Commission clarify that shippers with the right to recall capacity during the Intraday 2 Cycle for capacity release transactions entered into prior to April 1, 2016, for periods that include April 1, 2016, and terminate thereafter, shall have Intraday 2 and Intraday 3 recall rights beginning on April 1, 2016. After further examination of the issues associated with implementing Order No. 809 with respect to capacity release transactions with recall rights and after discussions with Commission staff, the Associations respectfully submit this Supplemental Request for Clarification.

In the Request for Clarification, the Associations noted that when the revised NAESB nomination standards become effective, releasing shippers will be able to recall capacity at a new

¹ *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Order No. 809, 80 Fed. Reg. 23197 (Apr. 24, 2015), 151 FERC ¶ 61,049 (2015).

Intraday 3 Cycle. We sought clarification that capacity release recall rights for the Intraday 3 Cycle will be available for releases entered into prior to April 1, 2016, for periods that include April 1, 2016, and terminate thereafter. We stated that in cases where parties to a capacity release transaction today have agreed that the capacity is recallable at the Intraday 2 Cycle, the intent of the transaction appears to allow the recall of capacity effective for the last intraday cycle of the day. We urged the Commission to clarify that when the Intraday 3 Cycle becomes available, such releases should be transitioned automatically to permit recalls at the Intraday 3 Cycle without further action by the parties to the capacity release transaction.

The Associations recognize that capacity release transactions with recall rights may vary, and that the parties to the transactions may want to come to an agreement as to the capacity release recall rights that will be available for the Intraday 3 Cycle after April 1, 2016. We believe that specifying default outcomes in the absence of the parties' agreement would assist the parties to these transactions in defining the capacity release recall rights that will be available after April 1, 2016, and smooth the transition to the new nomination timeline. Toward that end, we request that for capacity release transactions with the right to recall capacity entered into prior to April 1, 2016, for periods that include April 1, 2016, and terminate thereafter, the Commission establish default rights as follows:²

- If the transaction only specifies that recalls are permitted at the Intraday 1 Cycle, then for periods that include April 1, 2016, and thereafter, recalls only will be permitted at the Intraday 1 Cycle.
- If the transaction only specifies that recalls are permitted at the Intraday 2 Cycle, then for periods that include April 1, 2016, and thereafter, recalls will be permitted at the Intraday 2 Cycle and Intraday 3 Cycle.
- If the transaction specifies that recalls are permitted at the Intraday 1 Cycle and the Intraday 2 Cycle, then for periods that include April 1, 2016, and thereafter,

² For all other transactions, the capacity release recall rights will not change.

recalls will be permitted at the Intraday 1 Cycle, Intraday 2 Cycle and Intraday 3 Cycle.

The Associations believe that shippers releasing capacity for periods that straddle April 1, 2016, should notify the pipeline by way of a letter in advance of that date if they do not want the default rights specified above to apply to the transaction. The letter should memorialize that the default recall rights do not apply and indicate the mutual agreement of the releasing and replacement shippers.³ In the absence of such a letter provided to the pipeline by a shipper in advance of April 1, 2016, recall rights will transition according to the default rights specified above as an administrative transition matter without any further action. The transition of recall rights for these types of capacity release transactions, whether by default or through mutual agreement, should be administrative and should not impact other attributes of the capacity release, *e.g.*, prices or quantities. As such, implementation of the transition of such recall rights would not require posting or allow or require re-bidding. Finally, the releasing shipper should have the ability to recall capacity under a transaction's existing provisions if it wishes to terminate the transaction, even if the releasing shipper and the replacement shipper are unable to reach agreement on a non-default recall transition.

WHEREFORE, the Associations respectfully request that the Commission clarify that for capacity release transactions with the right to recall capacity entered into prior to April 1, 2016, for periods that include April 1, 2016, and terminate thereafter, in the absence of mutual agreement to the contrary, such transactions shall have the default rights set forth above.

³ As a supplement to the letter, the releasing shipper can memorialize in the special terms & conditions that the default rights do not apply to prospective releases, consistent with the letter.

Respectfully submitted,

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