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DEPARTMENT OF ENERGY
Federal Energy Regulatory Commission

18 CFR Part 284

[Docket No. RM96-1-041]

Standards for Business Practices of Interstate Natural Gas Pipelines

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Federal Energy Regulatory Commission (Commission) is proposing to amend its regulations to incorporate by reference, with certain enumerated exceptions, the latest version (Version 3.1) of business practice standards adopted by the Wholesale Gas Quadrant of the North American Energy Standards Board (NAESB) applicable to natural gas pipelines in place of the currently incorporated version (Version 3.0) of those business practice standards.

DATES: Comments are due **[INSERT DATE 30 days after date of publication in the FEDERAL REGISTER]**.

ADDRESSES: Comments, identified by the docket number of this proceeding, may be filed electronically at <http://www.ferc.gov> in acceptable native applications and print-to-PDF, but not in scanned or picture format. For those unable to file electronically, comments may be filed by mail or hand-delivery to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE, Washington, DC 20426. The Comment Procedures Section of this document contains more detailed filing procedures.

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164 FERC ¶ 61,125
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Standards for Business Practices of
Interstate Natural Gas Pipelines

Docket No. RM96-1-041

NOTICE OF PROPOSED RULEMAKING

(August 21, 2018)

1. The Federal Energy Regulatory Commission (Commission) proposes to amend its regulations at 18 CFR 284.12 to incorporate by reference, with certain enumerated exceptions,¹ the latest version (Version 3.1) of business practice standards adopted by the NAESB Wholesale Gas Quadrant (WGQ) applicable to natural gas pipelines that NAESB reported to the Commission on September 29, 2017 in place of the currently incorporated version (Version 3.0) of those business practice standards. The implementation of these standards and regulations will promote the additional efficiency and reliability of the natural gas industries' operations thereby helping the Commission to carry out its responsibilities under the Natural Gas Act. In addition, the proposed revisions are necessary to establish more efficient coordination between the natural gas and electric industries. Requiring such information ensures both a common means of communication and common business practices to limit miscommunication for participants engaged in the sale of electric energy at wholesale and the transportation of natural gas.

¹ As explained below, in section II.B.1, the Commission is not proposing in this proposed rule to incorporate by reference the optional model contracts and the eTariff-related standards included in the North American Energy Standards Board (NAESB) Wholesale Gas Quadrant (WGQ) Version 3.1 package of business practice standards.

I. Background

2. Since 1996, the Commission has adopted regulations to standardize the business practices and communication methodologies of interstate natural gas pipelines to create a more integrated and efficient pipeline grid. These regulations have been promulgated in the Order No. 587 series of orders,² wherein the Commission has incorporated by reference standards for interstate natural gas pipeline business practices and electronic communications that were developed and adopted by NAESB's WGQ. Upon incorporation by reference, this version of the standards will replace the currently incorporated version (Version 3.0) of those business practice standards, will become part of the Commission's regulations, and compliance by interstate natural gas pipelines will become mandatory.

3. On September 29, 2017, NAESB filed a report informing the Commission that it had adopted and ratified WGQ Version 3.1 of its business practice standards applicable to natural gas pipelines. The NAESB report identifies all the changes made to the Version 3.0 Standards and summarizes the deliberations that led to the changes being made. It also identifies changes to the existing standards that were considered but not adopted due to a lack of consensus or other reasons.

² This series of orders began with the Commission's issuance of *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587, FERC Stats. & Regs. ¶ 31,038 (1996).

II. Discussion

4. In this NOPR, the Commission proposes to incorporate by reference, in its regulations, Version 3.1 of the NAESB WGQ consensus business practice standards, with certain exceptions.³ We propose that any compliance filings made in accordance with a final rule on this subject be made 90 days after issuance of any final rule in this proceeding or on the first business day thereafter if falling on a weekend or holiday. This will allow time for the Commission to process the compliance filings before the effective date of the new standards.⁴

5. As the Commission found in Order No. 587, adoption of consensus standards is appropriate, because the consensus process helps ensure the reasonableness of the standards by requiring that the standards draw support from a broad spectrum of industry participants representing all segments of the industry. Moreover, because the industry conducts business under these standards, the Commission's regulations should reflect those standards that have the widest possible support. In section 12(d) of the National Technology Transfer and Advancement Act of 1995, Congress affirmatively requires federal agencies to use technical standards developed by voluntary consensus standards organizations, like NAESB, as a means to carry out policy objectives or activities.

³ In the discussion below we identify the NAESB WGQ Version 3.1 Standards that we propose not to incorporate by reference.

⁴ *See supra* P 21, where we propose that compliance with the new standards will be required beginning on the first business day of the month after the fourth full month following issuance of a final rule in this proceeding.

6. We discuss below some specific aspects of NAESB's filing.

A. Modifications to Previous Version of Standards

7. NAESB adopted two substantive revisions concerning the Nominations Related Standards, which govern shipper requests to schedule service on natural gas pipelines. One revision revises Standard 1.3.82 to establish a standard rounding process (requiring calculations to at least the seventh decimal place) for elapsed-prorated-scheduled quantity⁵ calculations to provide for needed numerical uniformity and granularity for users of these NAESB procedures. The other Nomination Related Standards revision was to revise the "Service Requester" element of Standard 1.3.27,⁶ which specifies some of the information that should be included in a nomination request, from a Mandatory designation to a Business Conditional⁷ designation. Thus, instead of forcing a specific

⁵ Standard 1.2.12 of the Nominations Related Standards defines the elapsed-prorated-scheduled quantity to mean:

That portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected.

⁶ NAESB also made conforming revisions to the related data sets and documents: Standard 1.4.1 of the Nomination data set, Standard 1.4.5 of the Scheduled Quantity data set, Standard 2.4.4 of the Shipper Imbalance data set, Standard 1.4.2 of the Nomination Quick Response data set, Standard 2.4.1 of the Pre-Determined Allocation document and Standard 2.4.3 of the Allocation document.

⁷ Standard 1.2.2 of the Nominations Related Standards provides that a Business Conditional data element is one that is based on current variations in business practice.

upstream or downstream (unthreaded) nomination⁸ to be tied to a specific contract (using a specific threaded nomination), upstream nominations may now be distributed among several contracts (using a Pathed Non-Threaded nomination structure), which generally increases flexibility to customers.

8. NAESB also adopted three revisions to the WGQ Electronic Delivery Mechanism Standards, which establish the framework for the electronic dissemination and communication of information between parties in the North American Wholesale Gas

⁸ NAESB's Nomination Data Dictionary, WGQ Version 3.1, Standard 1.4.1, retains from the Version 3.0 standard the field for "Model Type Data" that identifies which of three types of nomination structures is being used. These are: Pathed, Non-Pathed and Pathed Non-Threaded. Having these three types of model type data allows specificity as to the details of the nomination. A pathed nomination uses one nomination line item to transact business and, therefore, has one transaction type. A non-pathed nomination uses two nomination line items to transact business and, therefore, has two transaction types. A pathed non-threaded nomination uses three nomination line items to transact business and has three transaction types.

NAESB also provides the following further clarification of these concepts in the description of the technical implementation of business processes included as part of Standard 1.4.1, where NAESB explains that:

[a] "Pathed" nomination is actually a "Pathed Threaded" nomination because (1) the physical path of the pipeline locations and service contract(s) is fully described in the nomination, and (2) the logical thread of a specific supplier entity to a specific market entity at specific pipeline locations for a specific quantity is also fully described. "Non-Pathed" nominations are actually "Non-Pathed Non-Threaded" nominations because (1) physical "location location-to to-location" paths are not described in the nominations, and (2) no ties of specific supply entities to specific market entities are established. And for "Pathed Non-Threaded" nominations, (1) the physical path of the pipeline locations, service contract(s), and quantity is fully described, and (2) no ties of specific supply entities to specific market entities are established. *See* NAESB WGQ Version 3.1 Business Practice Standards, Nominations Related Standards, Standard 1.4.1, at 87 (Sep. 29, 2017).

marketplace. First, NAESB revised Standard 4.3.80 to increase the allowable field length in ASCII Comma Separated Value Files to 3000 characters because that increases the amount of information that can be conveyed, but reasonably limits it in conformity with commonly used software such as Excel. Second, NAESB adopted new Standard 4.3.106 to allow checkboxes and radio buttons in the Transmission Service Providers' Electronic Bulletin Boards (EBBs) to indicate "Yes" and/or "No" responses to data elements, which is more convenient than the current drop down list. Third, NAESB modified its standards to update the operating systems and web browsers that entities should support to allow users to take advantage of recent developments in computer technology and use.

Additionally, language was added to clarify the Secure Sockets Layer/Transport Layer Security protocols, which encrypt data to hide information from electronic observers on the internet. The new standard provides guidance on the timing for adoption of a new version of Secure Sockets Layer/Transport Layer Security protocols – new versions of these protocols should be used within 9 months of the version becoming generally available. In addition, the new standard clarifies that Secure Sockets Layer is a colloquial term that encompasses both Secure Sockets Layer and Transport Layer Security.

9. Other changes adopted by NAESB included changes to the NAESB WGQ data sets and other technical implementation documentation, which provide the technological support necessary to use the NAESB standards effectively. One such change was to add a new Business Conditional data element "Agent" and corresponding technical implementation to the Nomination data set Standard 1.4.1 and the Scheduled Quantity data set Standard 1.4.5. Currently, in the data sets, the Service Requester is defined as

the Shipper or their Agent; however, language included in the implementation guides states that both the Shipper and Agent will be identified. Thus, this change adds a data element “Agent” to the data sets to allow the Service Requestor to identify both the shipper and its agent if it uses an agent to nominate and schedule on the pipeline.

10. NAESB also adopted revisions to the Flowing Gas Related data sets and technical implementation, which address quantitative issues relating generally to allocation, imbalances and measurement of flowing gas. Specifically, NAESB added three Business Conditional data elements to the Authorization to Post Imbalances data set (Standard 2.4.9). The addition of the three data elements will allow a Service Requester to authorize specific contracts and quantities of imbalances for specified periods of time to be posted.

11. In addition, NAESB revised the Imbalance Trade data set (Standard 2.4.11) to reinstate language providing the confirming party the ability to reject a trade in the Imbalance Trade data set when an auto-confirm agreement with a confirming party is in place. NAESB states that in its WGQ Version 2.1 publication, before the Imbalance Trading data sets were consolidated, the Imbalance Trade Confirmation contained a Yes/No indicator that the confirming party could use to indicate its acceptance or rejection of the trade. This indicator informed a pipeline whether the confirming party agreed to the terms of the trade that the initiating trader had posted. When the data sets were consolidated, this data element was dropped because it was assumed that if a confirming party did not agree with the posted terms it would not confirm the trade, which was effective only if the pipeline did not have an auto-confirm agreement with that

confirming party. Accordingly, to address situations where there are auto-confirm agreements, NAESB has now revised Standard 2.4.11 to add a new Business Conditional data element “Imbalance Trade Response” with an “Accept/Reject” code value. This Accept/Reject indicator informs the pipeline whether the confirming party agrees to the terms of the trade that the initiating trader had posted.

12. NAESB also revised Standard 2.4.6 to add two Senders Option data elements,⁹ “Comments” and “Volume-Uncorrected” to the Measured Volume Audit Statement¹⁰ in order to communicate raw data on volumes in addition to the final volumes which are communicated through the existing data element “Volume Corrected.” Thus, users will now be able to indicate what initial data they received in addition to how that data was ultimately corrected, and to provide comments concerning that data, which relate to what meter was used to measure the data.

13. NAESB also adopted revisions to the Capacity Release Related data sets and technical implementation. Specifically, NAESB revised Standard 5.4.24 to add a new Business Conditional data element, “Waive Bidder Credit Indicator” and corresponding code values to the Offer data set. The additional data element indicates to a Bidder

⁹ Nominations Standard 1.2.2 provides that Sender’s Option means that this element is an option for the sender to send and, if sent, the receiver should store and use the contents of the data element.

¹⁰ NAESB’s business process and practices overview of the Flowing Gas Standards states that the Measured Volume Audit Statement data set is used to report gas measurement information in support of the allocation, imbalance, invoice and audit processes.

whether the Releasing Shipper will waive, pursuant to the Transmission Service Provider's tariff, the Bidder's creditworthiness pre-qualification.

14. Further, NAESB revised Standard 6.3.1 (i.e., the NAESB Base Contract for Sale and Purchase of Natural Gas) to add language to the disclaimer to provide a copyright notification and direct the reader to the NAESB Copyright Policy and Companies with Access to NAESB Standards under the Copyright Policy posted on the NAESB website. Identical language was added to three additional NAESB WGQ Contracts.

15. Lastly, NAESB adopted modifications to the cover page of Standard 6.3.1 to add a self-identification provision that assists end users in determining whether counterparties are commercial market participants as defined by the United States Commodity Futures Trading Commission.

B. Standards Proposed Not to be Incorporated by Reference

16. The Commission proposes to continue its past practice¹¹ of not incorporating by reference into its regulations any optional model contracts, because the Commission does not require the use of these contracts.¹² In addition, consistent with our findings in past proceedings, the Commission is not proposing to incorporate by reference the Wholesale Electric Quadrant/WGQ eTariff Related Standards, because the Commission has already

¹¹ See, e.g., *Standards for Business Practices of Interstate Natural Gas Pipelines*, Notice of Proposed Rulemaking, FERC Stats. & Regs. ¶ 32,708, at P 20 (2015) (WGQ Version 3.0 NOPR).

¹² *Id.*, *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587-V, FERC Stats. & Regs. ¶ 31,332, at n.11 (2012).

adopted standards and protocols for electronic tariff filings based on the NAESB Standards.¹³

C. Proposed Implementation Procedures

17. The Commission is proposing to continue the compliance filing requirements as revised in Order No. 587-V.¹⁴ This would require compliance with the NAESB WGQ Version 3.1 standards on the first business day of the month after the fourth full month following issuance of a final rule in this proceeding. As the Commission found in Order No. 587-V, adoption of the revised compliance filing requirements increases the transparency of the pipelines' incorporation by reference of the NAESB WGQ Standards so that shippers and the Commission will know which tariff provision(s) implements each standard as well as the status of each standard.¹⁵ Likewise, consistent with past practice, the Commission will post on its eLibrary website (under Docket No. RM96-1-041) a sample tariff format, to provide filers an illustrative example to aid them in preparing their compliance filings.

18. Consistent with our practice in Order No. 587-V, each pipeline should designate a single tariff section under which every NAESB WGQ Standard incorporated by reference

¹³ *WGQ Version 3.0 NOPR*, FERC Stats. & Regs. ¶ 32,708 at P 20; *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008).

¹⁴ Order No. 587-V, FERC Stats. & Regs. ¶ 31,332 at PP 36-39.

¹⁵ *Trans-Union Interstate Pipeline L.P.*, 141 FERC ¶ 61,167, at P 36 (2012) (Order No. 587-V Compliance Order).

by the Commission is listed.¹⁶ The pipeline tariff filings should list all the incorporated standards with which the pipeline will comply. In addition, for any standard that the pipeline seeks approval not to comply with, the tariff filing must identify the standard in question and either identify the provision in its tariff that complies with the standard;¹⁷ or provide an explanation of any waiver, extension of time, or other variance with respect to compliance with the standard that would excuse compliance.¹⁸

19. Consistent with our findings in Order No. 587-V,¹⁹ we propose that requests for waivers that do not meet the requirements set forth in Order No. 587-V will not be granted. In particular, as we explained in Order No. 587-V, waivers are unnecessary and will not be granted when the standard applies only on condition the pipeline performs a business function and the pipeline currently does not perform that function.²⁰

20. If the pipeline is requesting a continuation of an existing waiver or extension of time, it must include a table in its transmittal letter that identifies the standard for which a waiver or extension of time was granted, and the docket number or order citation to the proceeding in which the waiver or extension of time was granted. The pipeline must also

¹⁶ *Id.* P 36; WGQ Version 3.0 NOPR, FERC Stats. & Regs. ¶ 32,708 at P 25.

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ Order No. 587-V, FERC Stats. & Regs., ¶ 31,332.

²⁰ Order No. 587-V Compliance Order, 141 FERC ¶ 61,167 at PP 4, 38.

present an explanation for why such waiver or extension of time should remain in force with regard to the WGQ Version 3.1 Standards.

21. This continues the Commission's practice of having pipelines include in their tariffs a common location that identifies the way the pipeline is incorporating all the NAESB WGQ Standards and the standards with which it is required to comply. As explained above, the Commission will post on its eLibrary website (under Docket No. RM96-1-041) a sample tariff format, to provide filers an illustrative example to aid them in preparing their compliance filings.²¹

III. Notice of Use of Voluntary Consensus Standards

22. Office of Management and Budget Circular A-119 (section 11) (February 10, 1998) provides that Federal Agencies should publish a request for comment in a NOPR when the agency is seeking to issue or revise a regulation proposing to adopt a voluntary consensus standard or a government-unique standard. In this NOPR, the Commission is proposing to incorporate by reference voluntary consensus standards developed by the WGQ.

IV. Incorporation by Reference

23. The Office of the Federal Register requires agencies incorporating material by reference in final rules to discuss, in the preamble of the final rule, the ways that the materials it incorporates by reference are reasonably available to interested parties and

²¹ *Id.* P 24.

how interested parties can obtain the materials.²² The regulations also require agencies to summarize, in the preamble of the final rule, the material it incorporates by reference. The standards we are proposing to incorporate by reference consist of seven suites of NAESB WGQ Business Practice Standards that touch on a variety of topics and are designed to streamline the transactional processes for the wholesale gas industry by promoting a more competitive and efficient market. These include the: WGQ Additional Business Practice Standards; WGQ Nominations Related Business Practice Standards; WGQ Flowing Gas Related Business Practice Standards; Invoicing Related Business Practice Standards; Quadrant Electronic Delivery Mechanism Related Business Practice Standards; Capacity Release Related Business Practice Standards; and Internet Electronic Transport Related Business Practice Standards. These can be summarized as follows.

24. **The WGQ Additional Business Practice Standards** address six areas: Creditworthiness, Storage Information, Gas/Electric Operational Communications, Operational Capacity, Unsubscribed Capacity, and Location Data Download.

- The Creditworthiness related standards describe requirements for the exchange of information, notification, and communication between parties during the creditworthiness evaluation process.
- The Storage Information related standards define the information to be provided to natural gas service requesters related to storage activities and/or balances.

²² 1 CFR 51.5 (2017). *See* Incorporation by Reference, 79 FR 66267 (Nov. 7, 2014).

- The Gas/Electric Operational Communications related standards define communication protocols intended to improve coordination between the gas and electric industries in daily operational communications between transportation service providers and gas-fired power plants. The standards include requirements for communicating anticipated power generation fuel for the upcoming day as well as any operating problems that might hinder gas-fired power plants from receiving contractual gas quantities.
- The Operational Capacity related standards define requirements of the transportation service provider related to the reporting and requesting of a transportation service provider's operational capacity, total scheduled quantity, and operationally available capacity.
- The Unsubscribed Capacity related standards define requirements of the transportation service provider related to reporting and requesting a transportation service provider's available unsubscribed capacity.
- The Location Data Download related standards define requirements for the use of codes assigned by the transportation service provider for locations and common codes for parties communicating electronically.

25. **The WGQ Nominations Related Business Practice Standards** define the process by which a natural gas service requester with a natural gas transportation contract nominates (or requests) service from a pipeline or a transportation service provider for the delivery of natural gas.

26. **The WGQ Flowing Gas Related Business Practice Standards** define the business processes related to the communication of entitlement rights of flowing gas at a location, of the entitlement rights on a contractual basis, of the management of imbalances, and of the measurement and gas quality information of the actual flow of gas.

27. **The Invoicing Related Business Practice Standards** define the process for the communication of charges for services rendered (Invoice), communication of details about funds rendered in payment for services rendered (Payment Remittance), and communication of the financial status of a customer's account (Statement of Account).

28. **The Quadrant Electronic Delivery Mechanism Related Business Practice Standards** define the framework for the electronic dissemination and communication of information between parties in the North American wholesale gas marketplace for Electronic Data Interchange (EDI)/Electronic Delivery Mechanism (EDM) transfers, batch flat file/EDM transfers, informational postings web sites, EBB/EDM and interactive flat file/EDM.

29. **The Capacity Release Related Business Practice Standards** define the business processes for communication of information related to the selling of all or any portion of a transmission service requester's contract rights.

30. **The Internet Electronic Transport Related Business Practice Standards** define the implementation of various technologies necessary to communicate transactions and other electronic data using standard protocols for electronic commerce over the internet between trading partners.

31. Our regulations provide that copies of the standards incorporated by reference may be obtained from the North American Energy Standards Board, 801 Travis Street, Suite 1675, Houston, TX 77002, Phone: (713) 356-0060. Copies of the standards may be inspected at the Federal Energy Regulatory Commission, Public Reference and Files Maintenance Branch, 888 First Street, NE, Washington, DC 20426, Phone: (202) 502-8371, <http://www.ferc.gov>.

32. NAESB is a private consensus standards developer that develops voluntary wholesale and retail standards related to the energy industry. The procedures used by NAESB make its standards reasonably available to those affected by Commission regulations, which generally is comprised of entities that have the means to acquire the information they need to effectively participate in Commission proceedings. Participants can join NAESB, for an annual membership cost of \$7,000, which entitles them to full participation in NAESB and enables them to obtain these standards at no additional cost. Non-members may obtain the Individual Standards Manual or Booklets for each of the seven Manuals by email for \$250 per manual, which in the case of these standards would total \$1,750. Non-members also may obtain the complete set of Standards Manuals, Booklets, and Contracts on USB flash drive for \$2,000. NAESB also provides a free electronic read-only version of the standards for a three business day period or, in the case of a regulatory comment period, through the end of the comment period. In addition, NAESB considers requests for waivers of the charges on a case-by-case basis depending on need.

V. Information Collection Statement

33. The Office of Management and Budget (OMB) regulations require that OMB approve certain reporting, record keeping, and public disclosure requirements (information collection) imposed by an agency.²³ Therefore, the Commission is submitting its proposed information collection to OMB for review in accordance with section 3507(d) of the Paperwork Reduction Act of 1995. Upon approval of a collection of information, OMB will assign an OMB control number and an expiration date. Respondents subject to the filing requirements of a rule will not be penalized for failing to respond to these collections of information unless the collection of information displays a valid OMB control number.

34. The Commission solicits comments on the Commission's need for this information, whether the information will have practical utility, the accuracy of the provided burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected, and any suggested methods for minimizing respondents' burden, including the use of automated information techniques.

35. Public Reporting Burden: The Commission's burden estimates for the proposals in this NOPR are for one-time implementation of the information collection requirements of this NOPR (including tariff filing, documentation of the process and procedures, and information technology work).

²³ 5 CFR 1320.11 (2017).

36. The collections of information related to this NOPR fall under FERC–545 (Gas Pipeline Rates: Rate Change (Non-Formal))²⁴ and FERC–549C (Standards for Business Practices of Interstate Natural Gas Pipelines).²⁵ The following estimates of reporting burden are related only to this NOPR and anticipate the costs to pipelines for compliance with the Commission’s proposals in this NOPR. The burden estimates are primarily related to implementing these standards and regulations and will not result in ongoing costs.

²⁴ FERC-545 covers rate change filings made by natural gas pipelines, including tariff changes.

²⁵ FERC-549C covers Standards for Business Practices of Interstate Natural Gas Pipelines.

RM96-1-041 NOPR (Standards for Business Practices of Interstate Natural Gas Pipelines)						
	Number of Respondents²⁶ (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)= (3)	Average Burden Hr. Per Response (4)	Total Annual Burden Hours & Total Annual Cost²⁷ (3)*(4)=(5)	Annual Costs Per Respondent (\$) (5) * (1) = (6)
FERC-545 (one-time)	165	1	165	10 hrs.; \$1,020	1,650 hrs.; \$168,000	\$1,020
FERC-549C (one-time)	165	1	165	22 hrs.; \$2,244	3,630 hrs.; \$370,260	\$2,244
TOTAL			330		5,280 hrs.; \$538,560	

The one-time burden (for both the FERC-545 and FERC-549C) will be averaged over three years:

²⁶ The number of respondents is the number of entities in which a change in burden from the current standards to the proposed exists, not the total number of entities from the current or proposed standards that are applicable.

²⁷ The estimated hourly cost (salary plus benefits) provided in this section is based on the salary figures for May 2017 posted by the Bureau of Labor Statistics for the Utilities sector (available at http://www.bls.gov/oes/current/naics2_22.htm#13-0000) and scaled to reflect benefits using the relative importance of employer costs in employee compensation from May 2017 (available at https://www.bls.gov/oes/current/naics2_22.htm). The hourly estimates for salary plus benefits are:

- Computer and Information Systems Manager (Occupation Code: 11-3021), \$96.51
- Electrical Engineer (Occupation Code: 17-2071), \$66.90
- Legal (Occupation Code: 23-0000), \$143.68

The average hourly cost (salary plus benefits), weighting all of these skill sets evenly, is \$102.36. The Commission rounds it to \$102/hour.

FERC-545: $1,650 \text{ hours} \div 3 = 550 \text{ hours/year}$ over three years

FERC-549C: $3,630 \text{ hours} \div 3 = 1,210 \text{ hours/year}$ over three years

The number of responses is also averaged over three years (for both the FERC-545 and FERC-549C):

FERC-545: $165 \text{ responses} \div 3 = 55 \text{ responses/year}$

FERC-549C: $165 \text{ responses} \div 3 = 55 \text{ responses/year}$

The responses and burden for Years 1-3 will total respectively as follows:

Year 1: 55 responses; 550 hours (FERC-545); 1,210 hours (FERC-549C)

Year 2: 55 responses; 550 hours (FERC-545); 1,210 hours (FERC-549C)

Year 3: 55 responses; 550 hours (FERC-545); 1,210 hours (FERC-549C)

Title: FERC-545, Gas Pipeline Rates: Rates Change (Non-Formal);

FERC-549C, Standards for Business Practices of Interstate Natural Gas Pipelines.

Action: Proposed information collections

OMB Control Nos.: 1902-0154 (FERC-545), 1902-0174 (FERC-549C).

Respondents: Business or other for profit (e.g., Natural Gas Pipelines, applicable to only a few small businesses).

Frequency of Responses: One-time implementation (related to business procedures, capital/start-up).

Necessity of Information: The proposals in this NOPR would, if implemented, upgrade the Commission's current business practices and communication standards by specifically: (1) updating the Nominations Related Standards to standardize a rounding process for the elapsed-prorated-scheduled quantity calculation, and dictate that the

“Service Requester Contract” data element signify business conditional nominations, rather than mandatory nominations; (2) updating the WGQ Electronic Delivery Mechanism related Standards to make three minor revisions designed to add clarity, update the minimum technical characteristics to account for changes in technology since the previous version (Version 3.0) of the WGQ standards, and update the minimum and suggested operating systems and web browsers that entities should support; and (3) revising the NAESB WGQ data sets or other technical implementation documentation while not resulting in modifications to the underlying business practice standards. The package of standards also includes minor corrections.

The implementation of these data requirements will provide additional transparency to informational posting web sites and will improve communication standards. The implementation of these standards and regulations will promote the additional efficiency and reliability of the natural gas industries’ operations thereby helping the Commission to carry out its responsibilities under the Natural Gas Act. In addition, the Commission's Office of Enforcement will use the data for general industry oversight.

Internal Review: The Commission has reviewed the requirements pertaining to business practices of natural gas pipelines and made a preliminary determination that the proposed revisions are necessary to establish more efficient coordination between the gas and electric industries. Requiring such information ensures both a common means of communication and common business practices to limit miscommunication for participants engaged in the sale of electric energy at wholesale and the transportation of

natural gas. These requirements conform to the Commission's plan for efficient information collection, communication, and management within the natural gas pipeline industries. The Commission has assured itself, by means of its internal review, that there is specific, objective support for the burden estimates associated with the information requirements.

37. Interested persons may obtain information on the reporting requirements by contacting the following: Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426 [Attention: Ellen Brown, Office of the Executive Director], e-mail: DataClearance@ferc.gov, phone: (202) 502-8663, fax: (202) 273-0873.

38. Comments concerning the collection of information(s) and the associated burden estimate(s), should be sent to the contact listed above and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, DC 20503 [Attention: Desk Officer for the Federal Energy Regulatory Commission, telephone: (202) 395-0710, fax: (202) 395-4718].

VI. Environmental Analysis

39. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.²⁸ The actions proposed to be taken here fall within categorical exclusions in the Commission's regulations for rules that are clarifying,

²⁸ *Regulations Implementing the National Environmental Policy Act*, Order No. 486, FERC Stats. & Regs. ¶ 30,783 (1987).

corrective, or procedural, for information gathering, analysis, and dissemination, and for rules regarding sales, exchange, and transportation of natural gas that require no construction of facilities.²⁹ Therefore, an environmental review is unnecessary and has not been prepared as part of this NOPR.

VII. Regulatory Flexibility Act

40. The Regulatory Flexibility Act of 1980 (RFA)³⁰ generally requires a description and analysis of proposed rules that will have significant economic impact on a substantial number of small entities. The Commission is not required to make such analysis if proposed regulations would not have such an effect.

41. Approximately 165 interstate natural gas pipelines, both large and small, are potential respondents subject to the requirements adopted by this rule. Most of the natural gas pipelines regulated by the Commission do not fall within the RFA's definition of a small entity,³¹ which is currently defined for natural gas pipelines as a company that, in combination with its affiliates, has total annual receipts of \$27.5 million or less.³² For

²⁹ See 18 CFR 380.4(a)(2)(ii), 380.4(a)(5), 380.4(a)(27) (2017).

³⁰ 5 U.S.C. 601-612.

³¹ See 5 U.S.C. 601(3) citing section 3 of the Small Business Act, 15 U.S.C. 623. Section 3 of the SBA defines a "small business concern" as a business which is independently owned and operated and which is not dominant in its field of operation (2017).

³² 13 CFR 121.201 (Subsector 486-Pipeline Transportation; North American Industry Classification System code 486210; Pipeline Transportation of Natural Gas) (2017). "Annual Receipts" are total income plus cost of goods sold.

the year 2018, only eleven companies not affiliated with larger companies had annual revenues in combination with its affiliates of \$27.5 million or less and therefore could be considered a small entity under the RFA. This represents about seven percent of the total universe of potential respondents that may have a significant burden imposed on them. The Commission estimates that the one-time implementation cost of the proposals in this NOPR is \$538,560 (or \$3,264 per entity, regardless of entity size).³³ The Commission does not consider the estimated \$3,264 impact per entity to be significant. Moreover, these requirements are designed to benefit all customers, including small businesses that must comply with them. Further, as noted above, adoption of consensus standards helps ensure the reasonableness of the standards by requiring that the standards draw support from a broad spectrum of industry participants representing all segments of the industry. Because of that representation and the fact that industry conducts business under these standards, the Commission's regulations should reflect those standards that have the widest possible support.

42. Accordingly, pursuant to 605(b) of the RFA,³⁴ the regulations proposed herein should not have a significant economic impact on a substantial number of small entities.

³³ This number is derived by dividing the total cost figure by the number of respondents. $\$538,560/165 = \$3,264$.

³⁴ 5 U.S.C. 605(b).

VIII. Comment Procedures

43. The Commission invites interested persons to submit comments on the matters and issues proposed in this document to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due **[INSERT DATE 30 days after date of publication in the FEDERAL REGISTER]**.

Comments must refer to Docket No. RM96-1-041, and must include the commenter's name, the organization they represent (if applicable), and their address in their comments.

44. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's web site at <http://www.ferc.gov>. The Commission accepts most standard word processing formats. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format. Commenters filing electronically do not need to make a paper filing.

45. Commenters that are not able to file comments electronically must send an original of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street N.E., Washington, DC 20426.

46. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

IX. Document Availability

47. In addition to publishing the full text of this document in the Federal Register, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's Home Page (<http://www.ferc.gov>) and in the Commission's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street, NE, Room 2A, Washington DC 20426.

48. From the Commission's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

49. User assistance is available for eLibrary and the Commission's website during normal business hours from the Commission's Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. E-mail the Public Reference Room at public.referenceroom@ferc.gov.

List of Subjects in 18 CFR Part 284

Incorporation by reference, Natural gas, Reporting and recordkeeping requirements.

By direction of the Commission.

Issued: August 21, 2018

Nathaniel J. Davis, Sr.,
Deputy Secretary.

In consideration of the foregoing, the Commission proposes to amend part 284, chapter I, title 18, Code of Federal Regulations, as follows.

PART 284 - CERTAIN SALES AND TRANSPORTATION OF NATURAL GAS UNDER THE NATURAL GAS POLICY ACT OF 1978 AND RELATED AUTHORITIES

1. The authority citation for part 284 continues to read as follows:

Authority: 15 U.S.C. 717-717z, 3301-3432; 42 U.S.C. 7101-7352; 43 U.S.C. 1331-1356.

2. Section 284.12 is amended by:

a. Revising paragraph (a)(1); and

b. Removing from paragraph (a)(2) the phrase

“http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html” and adding “www.archives.gov/federal-register/cfr/ibr-locations.html” in its place.

The revision reads as follows:

§ 284.12 Standards for pipeline business operations and communications.

(a) * * *

(1) An interstate pipeline that transports gas under subparts B or G of this part must comply with the business practices and electronic communications standards as promulgated by the North American Energy Standards Board, as incorporated herein by reference in paragraphs (a)(1)(i) thru (vii) of this section.

(i) Additional Standards (Version 3.1, September 29, 2017);

(ii) Nominations Related Standards (Version 3.1, September 29, 2017);

- (iii) Flowing Gas Related Standards (Version 3.1, September 29, 2017);
- (iv) Invoicing Related Standards (Version 3.1, September 29, 2017);
- (v) Quadrant Electronic Delivery Mechanism Related Standards (Version 3.1, September 29, 2017);
- (vi) Capacity Release Related Standards (Version 3.1, September 29, 2017); and
- (vii) Internet Electronic Transport Related Standards (Version 3.1, September 29, 2017).

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