

**NATIONAL FUEL GAS DISTRIBUTION  
WORKPAPER FOR 9/11/06 BPS MEETING – R06008**

Attached are the latest set of proposed modifications to Standard 4.3.90 and proposed standards 4.3.x1 and 4.3.x2. I am withdrawing proposed Standard 4.3.x3. Since the last meeting, there has been collaboration with representatives of both the pipeline segment and producer segment; the results of which are reflected in the modifications to 4.3.90 and 4.3.x2, respectively.

For 4.3.x1, the pipeline segment had proposed qualifying provision of the Wobbe similarly to the qualification of CHDP/C6+ GPM in 4.3.x2. While I have no issue with the addition of the qualifier, I could not accept their qualifier because discussion to develop tariff-based gas quality interchangeability provisions requires historical Wobbe data. This is a simpler calculation than that required for CHDP and in the interest of productive discourse to develop tariff language, historical (and current) Wobbe data is essential. That said, there are no doubt some TSPs where interchangeability will not be an issue. The challenge is to develop a proper balance.

For that, I looked to the “Joint Statement of the American Gas Association and the Interstate Natural Gas Association of America,” filed on June 2, 2006, that is referenced in footnote 58 of the POLICY STATEMENT ON PROVISIONS GOVERNING NATURAL GAS QUALITY AND INTERCHANGEABILITY IN INTERSTATE NATURAL GAS PIPELINE COMPANY TARIFFS (Issued June 15, 2006). I’ve taken the liberty of highlighting the appropriate sections of the Joint Statement that I believe support the balance I’ve tried to strike in redrafting 4.3.x1.

M. Novak  
9/8/2006

# NATIONAL FUEL GAS DISTRIBUTION WORKPAPER FOR 9/11/06 BPS MEETING – R06008

## Proposed changes to Standard:

4.3.90 The Transportation Service Provider (TSP) should provide on its Informational Postings Web Site daily average gas quality information for prior gas day(s), to the extent available, for location(s) that are representative of mainline gas flow. The information available for the identified location(s) should be provided in a downloadable format. Information should be reported in units as specified in the tariff or general terms and conditions. In any event, all applicable parties' compliance with gas quality requirements is in accordance with the TSP's tariff or general terms and conditions.

Listed below ~~The following~~ are examples of gas quality attributes ~~that could be included in the posting for the applicable Gas Day(s) and location(s):~~

- Heating Value
- Interchangeability Index(ces)
- Hydrocarbon Liquid Drop Out control parameter(s)
- Hydrocarbon Components, % of C1 – Cnn, as used in determining Heating Value
- Specific Gravity
- Water
- Nitrogen
- Carbon Dioxide
- Oxygen
- Hydrogen
- Helium
- Total Sulfur
- Hydrogen Sulfide
- Carbonyl Sulfide
- Mercaptans
- Mercury and/or any other contaminants being measured
- Other pertinent gas quality information that is specified in the TSP's tariff or the general terms and conditions.

## Proposed Standard 4.3.x1:

For data provided pursuant to NAESB WGQ Standard No. 4.3.90, a Transportation Service Provider (TSP), upon notification from a customer or other applicable party of its desire to begin discussing interchangeability of gas supplies, should endeavor to calculate a Wobbe Number for location(s) that are representative of mainline gas flow. As soon as practical, but no later than the initiation of discussions to develop tariff-based gas quality interchangeability provisions, a TSP should provide a Wobbe Number for location(s) that are representative of mainline gas flow. Where a TSP uses an alternative method to characterize interchangeability, it may substitute or supplement the Wobbe Number with the applicable data. Where no above-mentioned notification is received by the TSP or where the above-mentioned discussions lead to a conclusion that tariff based gas quality interchangeability provisions are not necessary, a TSP may satisfy this Standard by providing a Heating Value and Specific Gravity.

## Proposed Standard 4.3.x2:

For data provided pursuant to NAESB WGQ Standard No. 4.3.90, a Transportation Service Provider (TSP) with tariff-based gas quality provisions for the control of hydrocarbon dropout should measure or calculate a 1) Cricondenthem Hydrocarbon Dew Point (CHDP) or 2) C6+ GPM for location(s) that are representative of mainline gas flow. The TSP should provide the control parameter specified within its tariff. Where a TSP uses an alternative approach to control hydrocarbon liquid dropout, it may substitute the appropriate control parameter.



June 2, 2006

Chairman Joseph T. Kelliher  
Commissioner Nora Mead Brownell  
Commissioner Suedeem G. Kelly  
Federal Energy Regulatory Commission  
888 1st Street, NE  
Washington, DC 20426

**Re: Natural Gas Interchangeability, Docket No. PL04-3-000**

Dear Chairman Kelliher and Commissioners Brownell and Kelly:

As a result of discussions among the Interstate Natural Gas Association of America (INGAA), the American Gas Association (AGA) and our respective member companies about how to incorporate a proposed Natural Gas Council "Plus" technical framework on hydrocarbon liquid dropout and interchangeability specifications, INGAA and AGA have reached agreement on how individual pipelines, their customers and other interested parties can proceed in addressing gas quality issues. That agreement is set out in the Joint Statement on Issues Related to Natural Gas Quality that we are filing in this docket today.

We sincerely hope that other segments of the natural gas industry join INGAA and AGA in endorsing this approach and that the framework set out within the agreement can be integrated with the approach to gas quality issues that may be formulated by the Commission.

We thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald F. Santa, Jr.", written in a cursive style.

Donald F. Santa, Jr.  
President  
Interstate Natural Gas Association of America

A handwritten signature in black ink, appearing to read "David N. Parker", written in a cursive style.

David N. Parker  
President and CEO  
American Gas Association

## **JOINT STATEMENT OF THE AMERICAN GAS ASSOCIATION AND THE INTERSTATE NATURAL GAS ASSOCIATION OF AMERICA ON ISSUES RELATED TO NATURAL GAS QUALITY**

- I. Safety and reliability have been the hallmark of the natural gas industry. A fundamental shared goal of the AGA and INGAA is to promote the continuation of the historic safety and reliability of the natural gas industry as gas demand grows and as supply sources change. A key component of safety and reliability is the quality of natural gas; it should be sufficient to provide for safe and reliable service all the way to the customer who has contracted for and paid for the gas.
  
- II. We agree that a pipeline-by-pipeline approach is necessary to address and resolve any natural gas quality concerns regarding hydrocarbon liquid drop out (specifically, whether to establish a CHDP) and interchangeability of natural gas supplies (specifically, whether to establish an interchangeability specification such as Wobbe in the pipeline tariff). (Together these issues are referred to hereinafter as “gas quality issues.”) We also agree that discussions between interstate pipelines and their customers are vital and should be conducted in a timely fashion. Accordingly, AGA and INGAA endorse the following Joint Statement, which does not foreclose further guidance from the Federal Energy Regulatory Commission on these matters:
  - A. The parties acknowledge that the white papers prepared by the NGC have created the technical framework for reviewing and establishing hydrocarbon liquid drop out and interchangeability specifications. The parties further acknowledge that NAESB standards are providing customers and stakeholders with information regarding the current quality of pipeline gas. Additionally, should a pipeline or its customers desire to begin discussing hydrocarbon liquid drop out and/or interchangeability issues (including the possibility of tariff changes) they should notify one another. As soon as practical, the pipeline and its customers should exchange historical information regarding the quality of gas delivered by the pipeline and used by the customer and other relevant information such as any problems experienced in connection with hydrocarbon liquid drop out and the interchangeability of gas supplies. All interested parties should be able to participate in this process.
  
  - B. Once necessary information has been shared, interstate pipelines and their customers should meet to discuss specifications to address hydrocarbon liquid drop out and the interchangeability of natural gas supplies and, if necessary, the need for pipeline tariff revisions in order to ensure the continuation of this reliability. Group discussions with all customers will be beneficial, although individual meetings are also encouraged. The signatories agree that separate meetings on hydrocarbon liquid drop out and interchangeability may be appropriate depending on the pipeline’s individual circumstances. In these instances, the pipeline will work with its customers to prioritize the scheduling of the meetings to determine which meeting, if appropriate, should occur first.

- C. If no customer contacts a pipeline with concerns regarding hydrocarbon liquid drop out and/or interchangeability, the pipeline will not be required to initiate gas quality discussions under the process described in this Joint Statement. In addition, the signatories agree that pipelines with existing tariff specifications that expressly address hydrocarbon liquid drop out and/or interchangeability, and pipelines that have resolved these issues through settlement or administrative litigation, will not be required to participate in this process with regard to a resolved issue unless the customer seeking to initiate gas quality discussions can point to a change in circumstances that warrants the re-opening of that issue. Nothing in this Joint Statement will require any pipeline to take actions inconsistent with its obligations under an existing settlement.
  
- D. If as a result of these discussions, tariff revisions to current gas quality specifications are deemed necessary, AGA and INGAA anticipate such tariff revisions being submitted in the form of a negotiated settlement (with the goal of filing no later than one year from the date of this Joint Statement) and the FERC reviewing and approving such settlement. If at any time during such discussions parties express concern regarding the progress being made on reaching a consensus on the need for tariff revisions, AGA and INGAA anticipate that such discussions will continue under the guidance of the FERC mediation Staff or other alternative mediation services with the goal of filing a consensus document with FERC no later than one year from the date of this Joint Statement.
  
- E. Nothing in this Joint Statement affects parties' rights or obligations under the Natural Gas Act.