

Workpaper - Draft Proposed Interpretation
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Proposed WGQ Standard 7.3.x1

The Federal Regulatory Energy Commission encourages companies to electronically post information from their section 260.9 reports (Damage Reporting for Natural Gas Pipelines) to the extent they believe appropriate and useful to their shippers. How may a Transportation Service Provider (TSP) accomplish this through existing NAESB WGQ standards?

Interpretation:

In many cases, TSP's create their section 260.9 reports based upon information that has already been provided as a critical notice, as defined in NAESB WGQ Standard No. 5.2.1. To the extent a 260.9 report contained no other appropriate and useful information, there would be no additional reporting through the NAESB standards. To the extent a TSP believes additional reporting may be appropriate and useful to its Service Requesters, it may elect to:

- 1) electronically post information from their section 260.9 reports in a Subcategory under the Notices Category as described in NAESB WGQ Standard No. 4.3.23 or;
- 2) provide the additional information from their section 260.9 reports as a supplemental critical notice pursuant to NAESB WGQ Standard No. 5.2.1

Background:

NAESB WGQ Standard No. 5.2.1 Critical notices should be defined to pertain to information on transportation service provider conditions that affect scheduling or adversely affect scheduled gas flow.

From Order 682-A, ¶13. The Commission acknowledges AGA's assertion that the information in companies' section 260.9 reports could be useful to market participants because damage to facilities and/or service interruptions can influence gas prices. However, in considering whether to require companies to post information from their section 260.9 reports on their websites, the Commission must also weigh the additional burden on natural gas companies against the benefit to their customers. The Commission will give further consideration to this matter while it continues its consultations with DOT/Pipeline Safety in the effort to minimize duplicative reporting requirements. **In the interim, the Commission encourages companies to electronically post information from their section 260.9 reports to the extent they believe appropriate and useful to their shippers.**

From Order 682, ¶21. In view of these considerations, the Commission is adopting new reporting requirements but is revising its proposal in the NOPR so that the additional reporting will be limited to requiring that pipeline companies report any damage to pipeline or storage facilities from a natural disaster or terrorist activity if such damage reduces pipeline throughput or storage deliverability. These limited new

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reporting requirements will ensure that the Commission has adequate, timely information to assess the status of gas infrastructure immediately following a natural disaster or terrorist event. However, as some commenters recognize, there may be other situations in which damage to pipeline and storage facilities creates the potential for destabilization of the gas infrastructure. Therefore, as a means of obtaining information regarding such occurrences without imposing overly inclusive reporting requirements that would unduly burden respondents, **revised § 260.9 also will include a provision, as recommended by some commenters, to encourage pipeline companies to report any other damage which the pipeline companies, in their judgment, think creates the potential for serious delivery problems on their own systems or the pipeline grid.** We are providing for this additional reporting in pipeline companies' discretion in recognition of their systems' wide variations in size, configuration, and levels and types of service. Incorporating a further level of discretion into the reporting provisions of § 260.9 is appropriate, since pipeline companies know their own systems and the nuances of their operations, and therefore can judge what other instances involving damage to facilities present the potential for significant problems on their own systems or the pipeline grid.