

LDC Segment Statement Concerning Publication Frequency

TO: William P. Boswell, Chair – Parliamentary Committee

FROM: Wholesale Gas Quadrant LDC Segment Executive Committee Representatives (or LDC Segment)

DATE: September 19, 2002

RE: Frequency of Releasing New Versions of NAESB Standards for the Wholesale Gas Quadrant

On June 26, 2002, Shell Gas Transmission, LLC (SGT) proposed that the Parliamentary Committee adopt the following policy for publishing new versions of the “NAESB Standards for the Wholesale Gas Quadrant” manual:

“New versions of standards and related data sets for the Wholesale Gas Quadrant should be released no more frequently than once every 24 months.”

For reference, the current Operating Procedure governing the publication frequency of NAESB manuals is as follows:

“The standards manuals and standards booklets shall be updated and new versions published no more than twice per year.”

Executive Committee representatives of the Wholesale Gas Quadrant LDC Segment would prefer to retain the existing language. Alternatively, they could support the following publication policy:

“The standards manuals, standards booklets and related data sets for the Wholesale Gas Quadrant shall be updated and new versions published no more than once per year.”

The LDC Segment appreciates SGT’s arguments concerning cost; however, a 24-month publication cycle would unnecessarily delay the implementation of important changes in Commission policy. While the WGQ may have “matured,” as SCT suggests, the policy changes contained within each annual publication are still significant even though they are not numerous. For example, if a 24-month publication cycle were to be adopted, the proposed standards associated with Order 587-N would not be published until July 2004 (the current publication schedule is July 2003). Accounting for the timeline associated with NAESB reporting to FERC and the subsequent regulatory process, actual implementation could be delayed until 2005. This extensive time delay would be unacceptable to the LDC Segment.

While it is true that the regulatory process can begin once the Secretary of FERC receives NAESB’s “Final Standards Actions” report (which may be provided to FERC up to six times per year), the 24-month approach would only result in a patchwork of standards manuals and final actions that would serve as the implementation materials for the pipelines. It is likely that these documents would conflict with each other, yield a measure of confusion, and end up increasing the costs to both NAESB and the individual companies. A 12-month publication cycle would better achieve a degree of consistency between the implementation materials and FERC regulations.

Again, the LDC Segment supports maintaining the status quo in the publication process. This does not imply that the publication process would be “cast in stone.” Finally we believe that the evolution of the publication process should take into consideration the recommendations contained within the Publication Process Review Task Force Report as well as suggestions made by NAESB’s three new Quadrants.