

Bar Harbor, ME, Hancock County-Bar Harbor, ILS OR LOC RWY 22, Amdt 5

Bad Axe, MI, Huron County Memorial, RNAV (GPS) RWY 17, Orig

Bad Axe, MI, Huron County Memorial, RNAV (GPS) RWY 35, Orig

Bad Axe, MI, Huron County Memorial, VOR RWY 35, Amdt 1

Detroit Lakes, MN, Detroit Lakes-Wething Field, RNAV (GPS) RWY 13, Amdt 1

Detroit Lakes, MN, Detroit Lakes-Wething Field, RNAV (GPS) RWY 31, Amdt 1

Minneapolis, MN, Minneapolis-St. Paul Intl/Wold Chamb, ILS RWY 4, Amdt 27, CANCELLED

Minneapolis, MN, Minneapolis-St. Paul Intl/Wold Chamb, LOC RWY 4, Orig

Minneapolis, MN, Minneapolis-St. Paul Intl/Wold Chambe, CONVERGING ILS RWY 35, Amdt 1

Minneapolis, MN, Minneapolis-St. Paul Intl/Wold Chamb, ILS OR LOC RWY 35, Amdt 1, ILS RWY 35 (CAT II), ILS RWY 35 (CAT III)

Minneapolis, MN, Minneapolis-St. Paul Intl/Wold Chamb, RNAV (GPS) Z RWY 35, Amdt 1

Minneapolis, MN, Minneapolis-St. Paul Intl/Wold Chamb, RNAV (RNP) Y RWY 35, Orig

Poplar Bluff, MO, Poplar Bluff Muni, RNAV (GPS) RWY 18, Orig

Poplar Bluff, MO, Poplar Bluff Muni, RNAV (GPS) RWY 36, Orig

Poplar Bluff, MO, Poplar Bluff Muni, GPS RWY 18, Orig-B, CANCELLED

Poplar Bluff, MO, Poplar Bluff Muni, GPS RWY 36, Orig-A, CANCELLED

Poplar Bluff, MO, Poplar Bluff Muni, Takeoff Minimums and Obstacle DP, Amdt 1

Potosi, MO, Washington County Airport, RNAV (GPS) RWY 2, Orig-A

Potosi, MO, Washington County Airport, RNAV (GPS) RWY 20, Orig-A

St Louis, MO, Lambert-St Louis Intl, LDA/DME RWY 12L, Amdt 5

Pascagoula, MS, Trent Lott Intl, Takeoff Minimums and Obstacle DP, Orig

Grand Forks, ND, Grand Forks Intl, RNAV (GPS) RWY 8, Orig

Grand Forks, ND, Grand Forks Intl, RNAV (GPS) RWY 26, Amdt 1

Reno, NV, Reno/Stead, GPS-B, Orig, CANCELLED

Buffalo, NY, Buffalo Niagara Intl, NDB RWY 5, Amdt 11, CANCELLED

Buffalo, NY, Buffalo Niagara Intl, Takeoff Minimums and Obstacle DP, Amdt 5

Austin, TX, Austin-Bergstrom Intl, ILS OR LOC RWY 17R, Amdt 3

Austin, TX, Austin-Bergstrom Intl, ILS OR LOC RWY 35L, Amdt 4

Charlottesville, VA, Charlottesville-Albemarle, RNAV (GPS) RWY 3, Amdt 2

Newport News, VA, Newport News/Williamsburg Intl, VA, LOC/DME RWY 20, Orig

Newport News, VA, Newport News/Williamsburg Intl, Takeoff Minimums and Obstacle DP, Orig

Richmond/Ashland, VA, Hanover County Muni, RNAV (GPS) RWY 16, Orig

Richmond/Ashland, VA, Hanover County Muni, GPS RWY 16, Amdt 1B, CANCELLED

Richmond, VA, Richmond Intl, ILS OR LOC RWY 34, Amdt 13C, ILS RWY 34 (CAT II), ILS RWY 34 (CAT III)

Hoquiam, WA, Bowerman, ILS OR LOC/DME RWY 24, Amdt 2

Hoquiam, WA, Bowerman, RNAV (GPS) RWY 6, Orig

Hoquiam, WA, Bowerman, RNAV (GPS) RWY 24, Orig

Hoquiam, WA, Bowerman, VOR/DME RWY 24, Amdt 6

Hoquiam, WA, Bowerman, VOR RWY 6, Amdt 15

Baraboo, WI, Baraboo Wisconsin Dells, RNAV (GPS) RWY 1, Orig

Baraboo, WI, Baraboo Wisconsin Dells, RNAV (GPS) RWY 19, Orig

Baraboo, WI, Baraboo Wisconsin Dells, GPS RWY 1, Orig, CANCELLED

Menomonie, WI, Menomonie Municipal-Score Field, VOR/DME RWY 27, Amdt 1

Menomonie, WI, Menomonie Municipal-Score Field, GPS RWY 27, Orig, CANCELLED

Cheyenne, WY, Cheyenne Regional/Jerry Olson Field, ILS OR LOC RWY 27, Amdt 34A

Cheyenne, WY, Cheyenne Regional/Jerry Olson Field, RNAV (GPS) RWY 9, Orig-A

Cheyenne, WY, Cheyenne Regional/Jerry Olson Field, RNAV (GPS) RWY 13, Orig-A

Cheyenne, WY, Cheyenne Regional/Jerry Olson Field, RNAV (GPS) RWY 27, Orig-B

Cheyenne, WY, Cheyenne Regional/Jerry Olson Field, RNAV (GPS) RWY 31, Orig-A

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Parts 38 and 284

[Docket Nos. RM96-1-027 and RM05-5-001; Order No. 698]

Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities

Issued June 25, 2007.

AGENCY: Federal Energy Regulatory Commission.

ACTION: Final rule.

SUMMARY: The Federal Energy Regulatory Commission (Commission) is amending its open access regulations governing standards for business practices and electronic communications with interstate natural gas pipelines and public utilities. The Commission is incorporating by reference certain standards promulgated by the Wholesale Gas Quadrant (WGQ) and the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB). Through this rulemaking, the Commission is seeking to improve coordination between the gas and electric industries in order to improve communications about scheduling of gas-fired generators.

DATES: Effective Dates: This rule will become effective August 15, 2007. Natural gas pipelines and public utilities are required to implement these standards and file a statement demonstrating compliance by November 1, 2007.

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SUPPLEMENTARY INFORMATION:

Table of Contents

	Paragraph Nos.
I. Background	2
II. Discussion	10
A. Incorporation by Reference of NAESB Standards	10
1. Terminology	17
2. WEQ Standard 011-0.1/WGQ Standard 0.2.1	22
3. WEQ Standard 011-1.2/WGQ Standard 0.3.12	24
4. WEQ Standard 011-1.3/WGQ Standard 0.3.13	28

	Paragraph Nos.
5. WEQ Standard 011-1.4 and WGQ Standard 0.3.14	35
6. WEQ Standard 011-1.5	37
7. WEQ Standard 011-1.6/WGQ Standard 0.3.15	42
8. Additional Issue	48
B. Additional Issues Raised by NAESB	50
1. Use of Gas Indices for Pricing Capacity Release Transactions	51
2. Pipelines' Ability to Permit Shippers to Choose Alternate Delivery Points	58
3. Changes to the Intraday Nomination Gas Schedule	64
III. Implementation Dates and Procedures	70
IV. Notice of Use of Voluntary Consensus Standards	71
V. Information Collection Statement	72
VI. Environmental Analysis	78
VII. Regulatory Flexibility Act	79
VIII. Document Availability	80
IX. Effective Date and Congressional Notification	82

1. The Federal Energy Regulatory Commission (Commission) is amending parts 38 and 284 of its open access regulations governing standards for business practices and electronic communications with interstate natural gas pipelines and public utilities. The Commission is incorporating by reference certain standards promulgated by the North American Energy Standards Board (NAESB).¹ Incorporation by reference of these standards will establish communication protocols between interstate pipelines and power plant operators and transmission owners and operators. This will help improve coordination between the gas and electric industries in order to improve communications about scheduling of gas-fired generators. Improved communications should enhance reliability in both industries.

I. Background

2. NAESB is a non-profit, private standards development organization established in January 2002 to develop voluntary standards and model business practices designed to promote more competitive and efficient natural gas and electric service. Since 1995, NAESB and its predecessor, the Gas Industry Standards Board, have been accredited members of the American National Standards Institute (ANSI), complying with ANSI's requirements that its standards reflect a consensus of the affected industries.

3. NAESB's standards include business practices that streamline the transactional processes of the natural gas and electric industries, as well as communication protocols and related standards designed to improve the

efficiency of communication within each industry. NAESB supports all four quadrants of the gas and electric industries—wholesale gas, wholesale electricity, retail gas, and retail electricity—and recognizes the ongoing convergence of the gas and electric businesses by ensuring that its standards receive the input of all industry quadrants when appropriate. All participants in the gas and electric industries are eligible to join NAESB, belong to one or more quadrant(s), and participate in standards development.

4. NAESB's Wholesale Gas Quadrant (WGQ) is composed of five industry segments: Pipelines, producers, local distribution companies, end users, and services (including marketers and computer service companies). NAESB's Wholesale Electric Quadrant (WEQ) now includes six industry segments: Transmission, generation, marketer/brokers, distribution/load serving entities, end users, and independent grid planners/operators. NAESB's procedures ensure that all industry members can have input into the development of a standard, whether or not they are members of NAESB, and each standard NAESB adopts is supported by a consensus of the relevant industry segments.

5. Since 1996, in Order No. 587 and subsequent orders, the Commission, through its notice-and-comment rulemaking process, adopted relevant gas standards by incorporating these standards by reference into its regulations.² On April 25, 2006, the Commission by a similar process incorporated by reference the first set of NAESB electric standards.³

6. In January 2004, a cold snap highlighted the need for better coordination and communication between the gas and electric industries as coincident peaks occurred in both industries making the acquisition of gas and transportation by power plant operators more difficult. In response to this need, in early 2004, NAESB established a Gas-Electric Coordination Task Force to examine issues related to the interrelationship of the gas and electric industries and identify potential areas for improved coordination through standardization. Because of the importance of such coordination, the NAESB Board of Directors established a Gas-Electric Interdependency Committee in September 2004 to review coordination issues and identify potential areas for standards development.

7. As a result of these efforts, on June 27, 2005, NAESB filed a status report with the Commission. The report included ten business practice standards jointly developed by the wholesale gas and electric quadrants,⁴ the first such collaboration between the two quadrants. The standards, in general, address communication processes between pipelines, power plant operators, and transmission operators.⁵

8. Additionally, the report highlighted 13 issues involving gas and electric interdependency. On February 24, 2006, NAESB filed a final report (Final

¹ The standards for the Wholesale Electric Quadrant are: Gas/Electric Coordination Standards WEQ-001-0.1 through WEQ-011-0.3 and WEQ-011-1.1 through WEQ-011-1.6. The standards for the Wholesale Gas Quadrant are: Additional Standards, Definitions 0.2.1 through 0.2.3 and Standards 0.3.11 through 0.3.15.

² *Standards For Business Practices Of Interstate Natural Gas Pipelines*, Order No. 587, 61 FR 39053 (July 26, 1996), FERC Stats. & Regs., Regulations Preambles July 1996-December 2000 ¶ 31,038 (July 17, 1996).

³ *Standards for Business Practices and Communication Protocols for Public Utilities*, Order

No. 676, 71 FR 26199 (May 4, 2006), FERC Stats. & Regs. ¶ 31,216 (Apr. 25, 2006).

⁴ Seven of these ten standards apply to both the gas and electric industries.

⁵ On June 28, 2006, NAESB filed a report advising that the following permanent numbers have been assigned to these standards. The standards for the Wholesale Electric Quadrant are Gas/Electric Coordination Standards WEQ-011-0.1 through WEQ-011-0.3 and WEQ-011-1.1 through WEQ-011-1.6. The standards for the Wholesale Gas Quadrant are: Additional Standards, Definitions 0.2.1 through 0.2.3 and Standards 0.3.11 through 0.3.15.

Report) with the Commission on the efforts of the Gas-Electric Interdependency Committee. Based on the 13 issues, the Final Report identified six potential areas where Commission guidance could assist NAESB in developing new or updated business practices to improve coordination between the gas and electric industries.

9. On October 25, 2006, the Commission issued a Notice of Proposed Rulemaking (NOPR)⁶ that proposed to incorporate by reference the WEQ's standards, Gas/Electric Coordination Standards WEQ-011-0.1 through WEQ-011-0.3 and WEQ-011-1.1 through WEQ-011.1.6 and the WGQ's standards, Additional Standards, Definitions 0.2.1 through 0.2.3 and Standards 0.3.11 through 0.3.15. The Commission also provided guidance on the six areas of potential standards development addressed by NAESB. Fifteen comments⁷ and one reply comment were filed.⁸

II. Discussion

A. Incorporation by Reference of NAESB Standards

10. The Commission is amending parts 38 and 284 of its regulations to incorporate by reference the NAESB WEQ and WGQ definitions and business practice standards providing for coordination and communication between natural gas pipelines and the various electric industry operators, including Regional Transmission Organizations (RTOs), Independent System Operators (ISOs) and gas-fired generators. The Commission also is amending section 38.1 so that it applies to public utilities that own, operate or control facilities used to effectuate wholesale power sales.

11. Pipelines and public utilities are required to implement these standards by November 1, 2007. However, pipelines and public utilities are not required to make tariff filings to include these standards in their tariffs at this

time. These standards will be included in tariffs when the pipelines and utilities file to incorporate into their tariffs the next revised version of the NAESB standards. However, for the two standards requiring communication procedures to be established,⁹ the Commission is requiring pipelines and public utilities to demonstrate compliance by filing a statement by November 1, 2007, as to whether they have established the required procedures.

12. The coordination and communication required by these standards will help improve the reliability of both the gas and electric industries by ensuring that all parties have information necessary for the scheduling and dispatch of natural gas-fired generation, and for the scheduling of the natural gas transportation necessary to supply fuel to these generators. The standards, for example, would require gas-fired power plant operators and pipelines to establish procedures to communicate material changes in circumstances that may affect hourly flow rates. These standards ensure that pipelines have relevant planning information that will assist in maintaining the operational integrity and reliability of pipeline service, as well as providing gas-fired power plant operators with information as to whether hourly flow deviations can be honored.

13. The standards further improve communication by requiring electric transmission operators and power plant operators to sign up to receive from connecting pipelines operational flow orders and other critical notices. These standards ensure that operators of the electric grid can stay abreast of developments on gas pipelines that can affect the reliability of electric service. The standards require that, upon request, a gas-fired power plant operator must provide to the appropriate independent electric balancing authority or electric reliability coordinator pertinent information regarding its service levels for gas transportation (firm or interruptible) and for gas supply (firm, fixed or variable quantity, or interruptible). This information should assist reliability coordinators in assessing the relative reliability of various gas-fired generators.

14. A consensus of the industry considered this language in NAESB's balanced process beginning in 2004 and leading up to NAESB's filing on June 27,

2005. All parties were welcome to participate in this process and participation was broad. No party expresses concern or otherwise indicates that NAESB's process was flawed.

15. As the Commission found in Order Nos. 587 and 676, 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 all segments of the industry. Moreover, since the industry itself has to conduct 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 (NTT&AA), Congress affirmatively requires federal agencies to use technical standards developed by voluntary consensus standards organizations, like NAESB, as means to carry out policy objectives or activities.¹⁰

16. A majority of commenters support the Commission's goal of increased communication between the gas and electric industries, and therefore do not object to incorporation of the standards into the Commission's regulations.¹¹ Dominion states that the communication requirements are important, and asks that the Commission continue to develop policies that provide for even greater levels of gas-electric coordination. Some participants, while not objecting to the standards, raise concerns and suggest changes to the language. These issues are addressed below.

1. Terminology

Comments

17. IRC comments that NAESB's standards use a number of terms not commonly used in the electric industry (such as "Power Plant Operator") and suggests that the Commission direct NAESB to adopt the terminology in the North American Electric Reliability Council (NERC) Functional Model, which contains a detailed set of functional definitions, in order to eliminate any potential for confusion.¹²

¹⁰ Pub L. No. 104-113, § 12(d), 110 Stat. 775 (1996), 15 U.S.C. 272 note (1997).

¹¹ E.g., AGA, Carolina Gas, Dominion, Duke, El Paso, EPSA, Florida Cities, FPL Energy, INGAA, IRC, NiSource, Salt River, and TVA.

¹² IRC Comments at 2. The "functional definitions" referred to by IRC are available on the Web site of the North American Electric Reliability Council at <http://www.nerc.com/~filez/functionalmodel.html>.

⁶ *Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities*, 71 FR 64,655 (Nov. 3, 2006).

⁷ Those filing comments are: The ISO/RTO Council (IRC), the Interstate Natural Gas Association of America (INGAA), ISO New England (ISO-NE), NiSource Gas Transmission and Storage (NiSource), FPL Energy, LLC (FPL Energy), Electric Power Supply Association (EPSA), Tennessee Valley Authority (TVA), Florida Cities, El Paso Corporation Pipeline Group (El Paso), Salt River Project Agricultural Improvement and Power District (Salt River), Natural Gas Supply Association (NGSA), Duke Energy Gas Transmission, LLC (Duke), American Gas Association (AGA), the Carolina Gas Transmission Corporation (Carolina Gas), and Dominion Resources, Inc. (Dominion).

⁸ AGA filed reply comments.

⁹ These standards are WEQ Standard 011-1.2/WGQ Standard 0.3.12; and WEQ Standard 011-1.6/WGQ Standard 0.3.15.

18. IRC also states that as currently drafted, the standards appear to apply terms inconsistently, noting that the standards appear to substitute the term "independent Balancing Authority" for ISOs/RTOs in some instances. IRC argues that the NAESB standards require ISOs/RTOs to bear significant responsibilities, but do not appear to require balancing authorities other than ISOs/RTOs or certain other independent entities to carry out responsibilities under the standards. IRC also notes that the standards include references to other NAESB standards that are not specifically identified, *i.e.* references to other "related" WGQ standards without providing any indication of which standards are "related."¹³

19. ISO-NE suggests additional definitions be added to the WEQ and WGQ standards. It proposes a new Definition D4, which would define "Directly Connected TSP", and a new Definition D5, which would identify "Communication Standards." Definition D5 would be used to supplement WEQ Standard 011-1.1/WGQ Standard 0.3.11, and, in ISO-NE's view, these definitions would create greater consistency and clarity among the standards.

Commission Determination

20. We do not find a need to revise the terminology used in the standards. Those protesting the terminology do not object to the substance of the standards. All of the relevant parties were, or could have been, involved in the drafting of the standards, and the definitions and terminology used in the standards reflect a consensus of the industry. The language used in the standards is clear, and those parties that think the language could be made even more precise can seek such clarifications and revisions through the NAESB process so that the implications of such changes can be considered by all segments.¹⁴

21. Indeed, since NAESB filed its report, it has added a segment to its WEQ for Independent Grid Operators/Planners, and as of April 5, ten parties have joined this segment, including the California ISO, the Electric Reliability Council of Texas, the Independent Electricity System Operator, ISO-NE, the Midwest Independent Transmission System Operator, the New York Independent System Operator, PJM Interconnection, the Southwest Power Pool, Transerv International, and the Alberta Electric System Operator. We encourage parties with concerns about

the standards to bring their suggestions to the WEQ and the WGQ.

2. WEQ Standard 011-0.1/WGQ Standard 0.2.1

22. WEQ Standard 011-0.1/WGQ Standard 0.2.1 defines the term "Power Plant Operator" as the entity(ies) having responsibility for natural gas requirements and coordinating deliveries to meet those requirements at natural gas-fired electric generating facility(ies). ISO-NE comments that the standard presumes that the entity that has direct control over the gas requirements for a gas-fired electric generating facility is always the same entity that is responsible for coordinating natural gas deliveries with the appropriate transportation service provider. ISO-NE notes that, in fact, these two requirements may be handled by different parties and requests that this definition be modified to accommodate such possibilities.

23. We find the standard to be sufficiently clear. Contrary to ISO-NE's assertion that the standard presumes that the same entity that has direct control over the gas requirements for a gas-fired electric generating facility is always the same entity that is responsible for coordinating with the appropriate transportation service provider, the standard clearly uses the plural "entity(ies)" when defining "PPO." The standard also states that "Because each [power plant operator] is structured differently, specific responsibilities within each [power plant operator] should be determined by the [power plant operator] and the point of contact for the [power plant operator] should be communicated to the [transportation service provider(s)]."

3. WEQ Standard 011-1.2/WGQ Standard 0.3.12

24. WEQ Standard 011-1.2/WGQ Standard 0.3.12 directs the power plant operator and the transportation service provider directly connected to the power plant operator's facility(ies) to establish procedures to communicate material changes in circumstances that may impact hourly flow rates, and the power plant operator to provide projected hourly flow rates accordingly.

Comments

25. ISO-NE states that the standard requires power plant operators to provide hourly flow rates but does not specify to whom. ISO-NE suggests that the standard be modified to specify that the directly-connected transportation service provider is the party intended to receive hourly flow rates from the power plant operator. NiSource

expresses concern over the requirement that pipelines convey "material changes in circumstance that may impact hourly flow rates." It asserts that there are many variables that "may" impact hourly flow rates. In addition, NiSource notes that the standard requires the pipeline and the power plant operator to establish communication procedures regarding this information, yet does not provide any guidance as to the type of procedures that should be created. NiSource asks that the Commission clarify that pipelines will be able to raise objections with respect to this language in any future dispute proceedings.¹⁵

Commission Determination

26. We disagree that with ISO-NE that the standard needs further clarification to specify that the directly-connected transportation service provider is the party intended to receive hourly flow rates from the power plant operator. The standard specifically refers to communications procedures between the power plant operator and the directly-connected transportation service provider, so that it is clear that the hourly flow rates need to be communicated to the directly-connected transportation service provider.

27. With respect to NiSource's comment, the pipeline will need to determine which events materially affect hourly flow rates and communicate those events to the power plant operators. Pipelines are already required by NAESB standards to use judgment in issuing system-wide notices that impact pipeline operations, and this requirement is not different.¹⁶ Similarly, the communications procedures should be established between the pipeline and the power plant operator. Pipelines and power plant operators should have the flexibility to establish the procedures they deem most efficient. NiSource will be able to negotiate the details when it works with relevant power plant operators to establish the communication procedures required by this standard.

4. WEQ Standard 011-1.3/WGQ Standard 0.3.13

28. WEQ Standard 011-1.3/WGQ Standard 0.3.13 states that power plant operators should not operate without an approved scheduled quantity pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the

¹⁵ NiSource Comments at 6-7.

¹⁶ 18 CFR 284.12(a)(vi) Capacity Release Related Standards, Standard 5.4.16 (system wide notices).

¹³ *Id.* at 3.

¹⁴ Order No. 676, 71 FR 26199, FERC Stats. & Regs. ¶ 31,216, at P 17.

transportation service provider's tariff, general terms and conditions, and/or contract provisions. The standard further states that if the power plant operator reasonably determines it has circumstances requiring the need to request gas scheduling changes outside the WGQ nomination and scheduling processes, and the transportation service provider supports the processing of such changes, the power plant operator may request daily flow rates as established by either the communication procedures established in the standards or as specified in the transportation service provider's tariff or general terms and conditions. The standard states that the power plant operator and all affected transportation service providers should work to resolve the power plant operator's request if it can be accommodated (1) in accordance with the appropriate application of the affected transportation service provider's tariff requirement, contract provisions, business practices, or other similar provisions, and (2) without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements and/or general system operations.

Comments

29. IRC comments that the standard suggests that transportation service providers may be granting service to power plant operators outside of normal Open Access Same-Time Information Systems (OASIS) posting requirements. IRC submits that, in order to ensure transparency and compliance with the Commission's rules, any communications between the transportation service provider and power plant operator must also adhere to the Commission's OASIS posting requirements and its Standards of Conduct regulations.

30. ISO-NE asserts that the standard states in part that a power plant operator should not operate without an approved schedule, and suggests that, in order to avoid confusion with the electric scheduling process, this standard be modified to specify that it is referring to the "approved gas schedule" and "gas scheduling processes". ISO-NE also recommends that the directly-connected transportation service provider is the party intended to receive hourly flow rates from the power plant operator.

31. NiSource comments that the type of procedure to be established between a pipeline and a power plant operator to communicate hourly flow rate information is not clear, and that it wishes to preserve its ability to object to any power plant operator requests for unreasonable communications

procedures.¹⁷ NiSource also states that the standard does not unambiguously state that a pipeline that does not provide for a special nomination cycle in its tariff does not have to accommodate such a request.

Commission Determination

32. The purpose of this standard is to provide for greater flexibility in scheduling pipeline transportation in circumstances in which the pipeline is able to accommodate such flexibility. Regarding IRC's concern about compliance with Commission regulations, nothing in this standard grants a waiver from the Commission's standards of conduct or other regulations. The IRC's reference to the OASIS is not clear, since these are gas transactions between the power plant operator and the pipeline, not OASIS scheduling requests.

33. We disagree with ISO-NE's argument that the standard is ambiguous or confusing. The standard's language regarding scheduling clearly concerns scheduled quantities of gas pursuant to the NAESB WGQ standard nomination timeline.

34. With respect to NiSource's concern about communication details, as we explained above, we find it more appropriate for the pipeline and the power plant operator to work out the most efficient method for communicating any such scheduling requests. With respect to NiSource's concern about its obligations, the standard clearly states that, if the pipeline supports the processing of such special requests, it must work to resolve such requests if they can be accommodated in accordance with the appropriate application of the affected pipeline's tariff requirement, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements and/or general system operations. We find that these conditions provide reasonable and appropriate protections for the pipelines.

5. WEQ Standard 011-1.4 and WGQ Standard 0.3.14

35. WEQ Standard 011-1.4 requires RTOs, ISOs, independent transmission operators and/or power plant operators to sign up to receive operational flow orders and other critical notices from the appropriate transportation service provider(s), and WGQ Standard 0.3.14 requires transportation service providers to provide operational flow orders and

other critical notices to RTOs, ISOs, independent transmission operators, and power plant operators. ISO-NE argues that the terms RTOs, ISOs and independent transmission operators in these standards should be replaced with "balancing authorities". ISO-NE states that RTOs/ISOs should not bear a higher burden of responsibility than other balancing authorities in this context.

36. These standards require only that RTOs, ISOs and independent transmission operators need to sign up to receive information from pipelines about operational flow orders that may affect gas-fired generators on their systems. The genesis for the development of these standards was the coordination problems between the gas industry and the scheduling practices of ISOs and RTOs, particularly the problems faced by gas-fired generators in ISO-NE during the 2004 cold snap. These standards along with the other standards will help ensure that, in the event of a recurrence of such circumstances, the RTOs, ISOs, and independent transmission operators will be fully informed of conditions that may affect the reliable performance of generators on their systems. ISO-NE does not explain why RTOs, ISOs, and independent transmission operators should be exempt from the requirement to receive information that may have a crucial impact on the reliability of the operation of their systems.¹⁸ Nor does ISO-NE provide evidence that the same scheduling problems affected balancing authorities that are not RTOs, ISOs, independent transmission operators or power plant operators, such that they too should be required to sign up to receive operational flow orders and other critical notices from transportation service providers. If ISO-NE believes the standard should be expanded to include all balancing authorities, it should seek such changes from NAESB, so that all industry segments can participate in the determination.

6. WEQ Standard 011-1.5

37. The standard requires that, upon request, a power plant operator must provide to the appropriate independent balancing authority and/or reliability coordinator pertinent information concerning the level of gas transportation service (firm or interruptible) and its natural gas supply (firm, fixed or variable quantity, or interruptible).

¹⁷ NiSource Comments at 9.

¹⁸ All RTOs and ISOs, for example, are not necessarily balancing authorities.

Comments

38. Florida Cities states that due to the commercially sensitive nature of this information operators should only be required to divulge the information needed to ensure the reliable operation of the transmission grid, and no more (*i.e.*, an electric balancing authority asking for supply and transportation information for the immediate future rather than day-ahead). In addition, Florida Cities asks the Commission to clarify how it will be determined which entity or entities will be authorized to request this information, and with what frequency they may do so.¹⁹

39. FPL Energy does not support the standard, commenting that it would create a way for electric balancing authorities and reliability coordinators to rank power supplies based on perceived reliability. In FPL Energy's view this would put merchant generators that are unable to contract for long-term firm gas pipeline capacity at a disadvantage in competing for power sales versus utility sales and sales from non-gas power suppliers.²⁰ FPL Energy requests that the Commission refrain from adopting such a protocol until a mechanism that would compensate merchant generators for holding long-term firm capacity on gas pipelines is established.

Commission Determination

40. We find that the standard is appropriate and does not require improper sharing of commercially sensitive information with competitors. The standard as written only requires power plant operators to provide information regarding its gas transportation and performance obligation to *independent* balancing authorities and/or reliability coordinators.

41. Regarding FPL Energy's concern that independent balancing authorities and/or reliability coordinators might choose to rank generators based on reliability of gas supply, it is not clear that the information will be used for that purpose. Increased communication and information about natural gas deliverability should help system operators understand potential operating problems on their system. Moreover, even if the information were used for ranking, as FPL Energy argues, FPL Energy has not shown why access to firm pipeline transportation should not be used as part of the analysis of the reliability of a gas fired generation. A generator with firm transportation and a firm gas supply generally would be

more likely to be able to obtain gas when pipelines are constrained than generators relying solely on interruptible transportation. Moreover, as discussed above, the independence of the balancing authority and reliability coordinator will help ensure that the information is used appropriately. The benefits from enhanced communication about natural gas deliverability outweigh the potential that in a particular circumstance an independent balancing authority or reliability coordinator will use the information inappropriately. If FPL Energy believes an independent balancing authority or reliability coordinator in a particular circumstance has used such information inappropriately, it can file a complaint.

7. WEQ Standard 011-1.6/WGQ Standard 0.3.15

42. This standard requires RTOs, ISOs, independent transmission operators, independent balancing authorities and/or regional reliability coordinators to establish operational communication procedures with the appropriate transportation service provider and/or power plant operator.

Comments

43. ISO-NE notes that it is unclear why this standard is applicable only to independent balancing authorities since it would seem that all balancing authorities would benefit from communications with all power plant operators. In addition, ISO-NE suggests that the language "and/or" be replaced with "and" to avoid any confusion.²¹

44. INGAA asks that the Commission clarify that it is the party responsible for managing the operations of each electric facility (*i.e.* RTO) to initiate the communication procedures required under this standard. INGAA states that allocation of responsibility is appropriate because the pipeline does not have firsthand information as to all the pertinent electric industry operators to which the power plants on the pipeline's system belong.

45. NiSource comments that a pipeline could have power plant operator shippers that are located in the service territories of many different entities (*i.e.*, RTOs, ISOs). In such a case, WEQ Standard 011-1.6/WGQ Standard 0.3.15 could require that the pipeline develop numerous sets of communications procedures depending on the wishes of the other entities. NiSource states that such a requirement would be overly burdensome and difficult to maintain, and requests that the Commission make clear that a

pipeline preserves the ability to argue in a future dispute proceeding that it is not obligated to develop new communication procedures that are not currently supported by the pipeline's existing communication infrastructure.²²

Commission Determination

46. As we explained above, the consensus of NAESB members sought to limit the communications requirement to independent balancing authorities, which helps to protect against disclosure of confidential information. If ISO-NE believes that this rationale should not apply to WEQ Standard 011-1.6/WGQ Standard 0.3.15, it can seek a change through NAESB which will allow all industry segments to participate in the determination.

47. We agree with INGAA that the RTOs, ISOs, independent transmission operators, independent balancing authorities and/or regional reliability coordinators are the parties responsible for initiating communication procedures, given that these parties should be the most knowledgeable regarding the pipelines used by power plants on their system. With respect to NiSource's comment we expect that the pipelines and RTOs, ISOs, and independent transmission operators will be able to work cooperatively to develop mutually agreeable, and efficient communication procedures. We are requiring in this rule that the parties file with us by November 1, 2007 to indicate that they have established the appropriate communication procedures. Should there be unresolved disputes at that time, the pipelines, RTOs, ISOs and independent transmission operators should advise the Commission what the unresolved issues are so the Commission can establish procedures to resolve those disputes, including the use of our dispute resolution and settlement judge procedures.²³

²² NiSource Comments at 10.

²³ In a similar situation in the past (a requirement that pipelines enter into operational balancing agreements (OBAs) with interconnecting pipelines), rather than requiring pipelines to file their OBAs, the Commission required the pipelines to file a statement with the Commission certifying that they have complied with the requirement to enter into OBAs. *Standards for Business Practices of Interstate Natural Gas Pipelines*, 85 FERC ¶ 61,371 (1998). The Commission stood ready with Alternative Dispute Resolution and ultimately Commission action to resolve any disputes. *See Standards For Business Practices of Interstate Natural Gas Pipelines*, Order No. 587-G, 63 FR 20072 (Apr. 23, 1998), FERC Statutes and Regulations, Regulations Preambles July 1996- December 2000 ¶ 31,062 (Apr. 16, 1998).

¹⁹ Florida Cities Comments at 4.

²⁰ FPL Energy Comments at 8.

²¹ ISO-NE Comments at 9.

8. Additional Issue

48. AGA states that, while it supports the incorporation of the NAESB standards, the existing operational rights of natural gas pipeline customers should not be changed as a result of efforts to increase communication and coordination between the gas and electric industries. To that end, AGA asks that the Commission ensure that NAESB standards WEQ-011-1.1/WGQ 0.3.11 and WEQ-011-1.3/WGQ 0.3.13 are enforced.²⁴

49. We expect pipelines to comply with all the NAESB standards incorporated by reference in our regulations just as we expect them to comply with all of our other regulations that pertain to them.

B. Additional Issues Raised by NAESB

50. NAESB identified six issues for which it requested clarification of existing Commission policy or put forward potential areas for standards development that some industry participants believe might assist in resolving coordination problems between the gas and electric industries. The Commission provided clarification and guidance in the NOPR. Parties requested additional clarification on three issues, which we discuss below.

1. Use of Gas Indices for Pricing Capacity Release Transactions

51. In the Final Report filed with the Commission on February 24, 2006, NAESB requested clarification of Commission policy regarding the use of gas indices to price capacity release transactions, so that it could develop standards for such releases. In the NOPR, the Commission clarified that releasing shippers should be free to offer the same type of pricing arrangements that the pipeline offers and, therefore, releasing shippers are free to use gas price indices in pricing released capacity so long as the rate paid by the replacement shipper does not exceed the maximum rate in the pipeline's tariff.

Comments

52. INGAA states that the Commission clarified that, where pipelines offer discounts based on gas price indices, the provisions of the pipeline's tariff governing capacity releases should not prevent releasing shippers from offering the same type of pricing in such a transaction. INGAA contends, however, that not all pipelines have language within their tariffs regarding permissible discounts. Therefore, INGAA requests that the Commission clarify that a

requirement to allow releasing shippers to release capacity using gas price indices only applies to pipelines with such language in their tariffs and that releases must be consistent with the pipeline tariff.²⁵ INGAA also requests that the Commission clarify that releasing shippers must specify all aspects of the release, including how to determine the best bid and the amount to bill under the release. Similarly, Carolina Gas requests clarification that releasing shippers desiring to use gas price indices to price capacity releases should only use published index prices that are readily available and agreeable for use by the pipeline.

53. Other commenters disagree. For example, NGSAs argue the Commission should clarify releasing shippers should have the ability to release capacity using index-based pricing regardless of the pipeline's decision to exercise that authority. It contends that as long as the capacity release shipper is selling its capacity at, or below, the maximum tariff rate, it should be of no consequence how the pipeline prices its own primary capacity. NGSAs ask the Commission to clarify the methodology pipelines should use to evaluate bids for primary and secondary market capacity made available at an index-based rate. Finally, NGSAs request that the Commission direct NAESB to establish the necessary data sets to allow for shippers to release capacity at rates which are based on gas price indices.

54. Several commenters, while in support of the Commission's proposed clarification, believe the Commission has limited the flexibility in pricing capacity releases by stating that such prices may not exceed the pipeline's maximum tariff rate.²⁶ These commenters argue for the removal of the price cap on capacity release transactions. FPL Energy asserts that lifting the price cap in the secondary market will result in more liquidity and competition for pipeline capacity as more shippers decide to purchase and manage their own capacity because they will have more opportunity to defray capacity costs and achieve fair market value for the capacity when it is not needed to generate power.²⁷

Commission Determination

55. The Commission's regulations permit releasing shippers to use price indices or other formula rates on all pipelines, regardless of whether the pipeline has included a provision allowing the use of indices as part of its

discounting provisions, so long as the prices are less than maximum rate in the pipeline's tariff. Section 284.8(b)²⁸ of the Commission's regulations states that "firm shippers must be permitted to release their capacity, in whole or in part, *without restrictions on the terms or conditions for release*," and section 284.8(e)²⁹ mandates that such a release may not be "over the maximum rate." All pipelines are permitted to use price indices in discount transactions either through provisions in their tariffs or by means of filing a non-conforming service agreement.³⁰ Providing releasing shippers with this flexibility is consistent with the "original intent of the Commission's capacity release regulations by providing releasing shippers with the flexibility to structure capacity release transactions that best fit their business needs."³¹

56. INGAA has expressed concern about possible problems in implementing this requirement on pipelines that do not provide for indexed releases in their tariffs. Under the Commission regulations, the releasing shipper is responsible for clearly setting out the terms and conditions of the release and that would include the means for implementing the formula rate. This is also an issue on which NAESB can develop standards to ensure that such releases can be processed quickly and efficiently.

57. Some of the comments suggest that the price cap be lifted for capacity release transactions. This issue is already being addressed by the Commission in Docket Nos. RM06-21-000 and RM07-4-000, so it is not appropriate to address in this proceeding.

2. Pipelines' Ability To Permit Shippers To Choose Alternate Delivery Points

58. In its Final Report, NAESB requested clarification regarding the ability of pipelines to permit shippers to shift gas deliveries from a primary to a secondary delivery point when a pipeline constraint occurs upstream of both points. Such changes would make it easier for shippers to redirect gas supplies to generators during periods when capacity is scarce. NAESB

²⁸ 18 CFR 284.8(b).

²⁹ 18 CFR 284.8(e).

³⁰ *Natural Gas Pipeline Co. of America*, 82 FERC ¶ 61,298, 62,179-80 (1998) (non-conforming provisions relating to discounts "must be on file and approved by the Commission—either in Natural's pro forma service agreement or as nonconforming contracts").

³¹ *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587-N, 67 FR 11906 (March 18, 2002), FERC Stats. & Regs., Regulations Preambles ¶ 31,125 at P 21 (Mar. 11, 2002).

²⁴ AGA Comments at 2.

²⁵ INGAA Comments at 6.

²⁶ E.g., Dominion, Florida Cities, and FPL Energy.

²⁷ FPL Energy Comments at 13.

provided, as an example, that a customer has 100 dekatherms scheduled to flow from a primary receipt point through the posted point of restriction to a primary delivery point. Under the same contract, the customer then requests a nomination change to move 50 of the 100 dekatherms to a secondary delivery point that is outside its transportation path but still through the posted point of restriction.

59. In the NOPR, the Commission discussed Order No. 637-B, which provided that pipelines must implement within-the-path scheduling under which a shipper seeking to use a secondary delivery point within its scheduling path has priority over another shipper seeking to use the same delivery point but that point is outside of its transportation path.³² In addition, it stated that the scenario posed by NAESB was a slight variation of the within-the-path scheduling, and clarified that it would be reasonable to permit the reassignment as posited in most cases.

Comments

60. Salt River supports the ability of a gas shipper to make changes to its delivery point (from primary to alternate) once it has been confirmed through a constraint point without having it be treated as a new nomination. It argues that this ability better enables the electric industry to ensure that gas can move to the facilities that require it on an intra-day basis without having to be concerned about pro-rata curtailments or scheduled quantity cuts.³³

61. Dominion agrees with the determination of shipper priority in the Commission's example, it is concerned that there may be other caveats beyond the one posited in which the Commission's specific "clarification" may not be appropriate. Florida Cities has no objection to the Commission's proposed clarification, but states that the Commission should not require all pipelines to require this accommodation without exception. It states that any prior arrangements concerning delivery point nominations are preserved. For example, Florida Cities contends that Florida Gas Transmission Company, LLC has a system in which secondary delivery point nominations are considered on a "jump ball basis", meaning the ability of a shipper to move its nomination from the primary delivery point to the secondary delivery

point will be contingent upon whether secondary point nominations for that flow day create a need for the allocation of capacity instead of by virtue of pathing rights.³⁴

62. INGAA requests that the Commission clarify in the Final Rule that its proposed clarification is not intended to revise its policies concerning capacity allocation or to broaden shippers' flexible point rights beyond those set out in Order Nos. 637.³⁵ El Paso further requests that the Commission state that the normal processes for new standards development apply to any new standards proposed relating to this issue.³⁶

Commission Determination

63. The Commission is not modifying its requirement for within-the-path scheduling as adopted in Order No. 637. The example posited by NAESB appears consistent with the within-the-path scheduling concept and with pipeline proposals that have been accepted.³⁷ It would not be appropriate for the Commission here to try to provide generic clarification to cover all possible proposals by pipelines for according flexibility to shippers. These proposals will have to be judged on an individual basis. In addition, NAESB can consider through its consensus process possible standards for according increased receipt and delivery point flexibility.

3. Changes to the Intraday Nomination Gas Schedule

64. In its Final Report, NAESB raised the possibility of developing standards that would offer an additional intraday nomination cycle with rights for firm shippers to bump interruptible nominations. NAESB suggested that such a standard would provide more flexibility to shippers, including power generators, with firm transportation rights so that they can nominate for natural gas supporting their market clearing times. In the NOPR, the Commission explained that its bumping policy requires that the last intra-day nomination opportunity would be one in which firm nominations do not bump interruptible nominations, but that NAESB could consider whether to add another intra-day nomination opportunity with bumping rights prior to the final non-bumping opportunity,

or to develop additional changes to its nomination timeline to better coordinate with electric scheduling.

Comments

65. Various commenters support the development of a standard to modify the timing of the existing nomination schedule or add an additional nomination period.³⁸ Dominion states that having an additional cycle(s) is desirable, as it would allow firm shippers to ensure their gas flows and thereby help repair the disconnect between the gas and electric scheduling timelines. Duke agrees, and requests that the NAESB WEQ be allowed to determine whether any additional nomination cycle will produce the desired effects of greater shipper flexibility and security.

66. FPL Energy and Florida Cities do not object to the addition of a new intraday nomination cycle so long as any new nomination opportunity does not carry bumping rights in the event that it becomes the next to last nomination opportunity. Florida Cities states that if such rights were afforded, interruptible shippers may be forced into the market late with little chance of finding a replacement market. In addition, FPL Energy is concerned that having more opportunities to bump interruptible service could cause supply sources that cannot shut down quickly to limit their sales to firm shippers, thus harming those shippers wishing to utilize interruptible service. On the other hand, while TVA agrees with the addition of a new intraday nomination cycle, it requests that the Commission eliminate the "no-bump" rule entirely, as it puts interruptible transportation on equal footing with the highest priority firm transportation, *i.e.*, a shipper paying the lowest rate on the system can displace those shippers that pay one of the highest rates on the system.

67. Other participants oppose the introduction of an additional nomination cycle.³⁹ Carolina Gas states that having another intra-day nomination opportunity would create unnecessary administrative complexities and would require significant modifications to Carolina Gas' Internet Web site. El Paso states that transportation service providers must already complete complex allocation and confirmation processes within a limited timeframe. Among other objectives, these processes are designed to ensure that the nominated gas supply is available and the

³⁴ Florida Cities Comments at 8.

³⁵ INGAA Comments at 8.

³⁶ El Paso Comments at 4.

³⁷ *Algonquin Gas Transmission Co.*, Director Letter Order, Docket No. RP06-69-000 (November 22, 2005); *Texas Eastern Transmission, LP*, Director Letter Order, Docket No. RP06-70-000 (November 22, 2005).

³⁸ *E.g.*, Dominion, Duke, Florida Cities, FPL Energy, Salt River, TVA.

³⁹ *E.g.*, Carolina Gas, El Paso, EPSA, INGAA.

³² *Regulation of Short-Term Natural Gas Transportation Services*, 92 FERC ¶ 61,062 at 61,168-70 (2000).

³³ Salt River Comments at 3.

nominated market is ready to receive the gas.

68. INGAA asserts that neither altering the existing scheduling timeline nor adding an additional intra-day nomination cycle with bumping rights guarantees that a power generator will be able to nominate primary firm transportation capacity when the generator most needs that capacity, and states that any reliability issue concerning gas supply to electric generators should be addressed through individual pipeline proceedings. EPISA states that it is unclear whether the addition of another nomination opportunity with or without bumping rights would produce any significant improvement in the reliable performance of the system.

Commission Determination

69. As we stated in the NOPR, the Commission has recognized the interest of interruptible shippers in achieving business certainty by making the last intra-day nomination opportunity one in which firm nominations do not bump interruptible nominations.⁴⁰ However, within the confines of current Commission policy, NAESB should actively consider whether changes to existing intra-day schedules would benefit all shippers, and provide for better coordination between gas and electric scheduling. In addition, the NAESB nomination timeline establishes only the minimum requirement to which pipelines must adhere. We fully expect that individual pipelines supporting gas-fired generators will be considering the addition of other intra-day nomination opportunities that would be of benefit to their shippers.

III. Implementation Dates and Procedures

70. Pipelines and public utilities are required to implement the standards we are incorporating by reference in this Final Rule by November 1, 2007. In addition, pipelines and public utilities are required to file a statement by

November 1, 2007 as to whether they have established the required procedures in WEQ Standard 011-1.2/WGQ Standard 0.3.12 and WEQ Standard 011-1.6/WGQ Standard 0.3.15. To reduce the burden on filers, we are not requiring pipelines and public utilities to make filings to include these standards in their tariffs at this time. These standards will be included in tariffs when the pipelines and public utilities file to incorporate in their tariffs the next revised version of the NAESB standards.

IV. Notice of Use of Voluntary Consensus Standards

71. 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 the means to carry out policy objectives or activities unless use of such standards would be inconsistent with applicable law or otherwise impractical.⁴¹ NAESB approved the standards under its consensus procedures. Office of Management and Budget Circular A-119 (§ 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. On October 25, 2006, the Commission issued a NOPR that proposed to incorporate by reference NAESB's Gas/Electric Coordination Standards. The Commission took comments on the NOPR into account in fashioning this Final Rule.

V. Information Collection Statement

72. The Office of Management and Budget's (OMB) regulations in 5 CFR 1320.11 (2005) require that it approve certain reporting and recordkeeping requirements (collections of

information) imposed by an agency. 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 this Rule will not be penalized for failing to respond to these collections of information unless the collections of information display a valid OMB control number.

73. The final rule upgrades the Commission's current business practice and communication standards to include standardized communication protocols between interstate pipelines and power plant operators and transmission owners and operators. The implementation of these standards and regulations is necessary to improve coordination between the gas and electric industries, to improve communications about scheduling of gas-fired generators and to improve the reliability in both industries. The following burden estimates include the costs to implement the WEQ's and WGQ's definitions and business practice standards providing for coordination and which will establish communication protocols between interstate natural gas pipelines and power plant operators and transmission owners and the various electric industry operators. The implementation of these data requirements will help the Commission carry out its responsibilities under the Federal Power Act and Natural Gas Act of promoting the efficiency and reliability of the electric and gas industries' operations. The Commission's Office of Energy Markets and Reliability will use the data for general industry oversight.

74. The Commission sought comments to comply with these requirements. Comments were received from sixteen entities. No comments addressed the reporting burden imposed by these requirements and therefore the Commission will use the same estimates in the final rule. The substantive issues raised by the commenters are addressed in this preamble.

⁴⁰ NOPR at P 23.

⁴¹ Pub L. No. 104-113, § 12(d), 110 Stat. 775 (1996), 15 U.S.C. § 272 note (1997).

Data collection	Number of respondents	Number of responses per respondent	Hours per response	Total number of hours
FERC-549C	93	1	20	1,860
FERC-717	220	1	33	7,260
Totals				9,120

Total Annual Hours for Collection (Reporting and Recordkeeping, (if appropriate)) = 9,120.
Information Collection Costs: The Commission sought comments on the

costs to comply with these requirements but no comments were received addressing these cost estimates. The Commission will therefore use the same estimates in the final rule. It

has projected the average annualized cost for all respondents to be the following:⁴²

	FERC-549C	FERC-717
Annualized Capital/Startup Costs	\$279,000	\$1,089,000
Annualized Costs (Operations & Maintenance)	N/A	N/A
Total Annualized Costs	279,000	1,089,000

75. OMB regulations⁴³ require OMB to approve certain information collection requirements imposed by agency rule. The Commission is submitting this Final Rule to OMB for review and approval of the information collections. These information collections are mandatory requirements.

Title: Standards for Business Practices of Interstate Natural Gas Pipelines (FERC-549C) Standards for Business Practices and Communication Protocols for Public Utilities (FERC-717) (formerly Open Access Same Time Information System).

Action: Proposed collections.

OMB Control No.: 1902-0174 and 1902-0173.

Respondents: Business or other for profit, (Public Utilities and Natural Gas Pipelines (Not applicable to small business.)).

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

76. *Necessity of Information:* The Commission's regulations adopted in this rule are necessary to further the process begun in Order No. 587 of creating a more efficient and integrated pipeline grid by standardizing the business practices and electronic communication of interstate pipelines and expanded in Order No. 676 to create a more efficient and integrated electric transmission grid by standardizing the business practices and electronic communication of public utilities. The Commission has reviewed the requirements pertaining to business

practices and electronic communication of public utilities and 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 improve communications for participants engaged in the sale of electric energy at wholesale and the transportation of natural gas.

77. 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: Michael Miller, Office of the Deputy Chief Information Officer, ED-30, (202) 502-8415, or michael.miller@ferc.gov] or the Office of Management and Budget, Office of Information and Regulatory Affairs, Attention: Desk Officer for the Federal Energy Regulatory Commission, 725 17th Street, NW., Washington, DC 20503. The Desk Officer can also be reached at (202) 395-4650, or fax: (202) 395-7285.

VI. Environmental Analysis

78. 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.⁴⁴ The Commission has categorically excluded certain actions

from these requirements as not having a significant effect on the human environment.⁴⁵ The actions adopted here fall within categorical exclusions in the Commission's regulations for rules that are clarifying, corrective, or procedural, for information gathering analysis, and dissemination, and for sales, exchange, and transportation of natural gas and electric power that requires no construction of facilities. Therefore, an environmental assessment is unnecessary and has not been prepared in this Final Rule.

VII. Regulatory Flexibility Act

79. The Regulatory Flexibility Act of 1980 (RFA)⁴⁶ generally requires a description and analysis of final rules that will have significant economic impact on a substantial number of small entities. The regulations adopted here impose requirements only on interstate pipelines and public utilities, the majority of which are not small businesses, and would not have a significant economic impact. These requirements are, in fact, designed to benefit all customers, including small businesses. Accordingly, pursuant to section 605(b) of the RFA, the Commission hereby certifies that the regulations adopted herein will not have a significant adverse impact on a substantial number of small entities.

VIII. Document Availability

80. In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all

⁴² The total annualized cost for the two information collections is \$ 1,368,000. This number is reached by multiplying the total hours to prepare a response (hours) by an hourly wage estimate of \$150 (a composite estimate that includes legal,

technical and support staff rates). \$1,368,000 = \$150 × 9,120.

⁴³ 5 CFR 1320.11.

⁴⁴ *Regulations Implementing the National Environmental Policy Act*, Order No. 486, 52 FR

47897 (Dec. 17, 1987), FERC Stats. & Regs., Regulations Preambles 1986-1990 ¶ 30,783 (1987).

⁴⁵ 18 CFR 380.4 (2006).

⁴⁶ 5 U.S.C. 601-612.

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

81. From FERC'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. User assistance is available for eLibrary and the FERC's Web site during normal business hours from FERC Online Support at (202) 502-6652 (toll-free at 1-866-208-3676) or e-mail 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.

IX. Effective Date and Congressional Notification

82. These regulations are effective August 15, 2007. The Commission has determined, with the concurrence of the Administrator of the Office of Information and Regulatory Affairs of OMB, that this rule is not a "major rule" as defined in section 351 of the Small Business Regulatory Enforcement Fairness Act of 1996.

List of Subjects in 18 CFR Parts 38 and 284

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

By the Commission.

Kimberly D. Bose,
Secretary.

■ In consideration of the foregoing, the Commission amends parts 38 and 284 of Chapter I, Title 18, *Code of Federal Regulations*, as follows.

PART 38—BUSINESS PRACTICE STANDARDS AND COMMUNICATION PROTOCOLS FOR PUBLIC UTILITIES

■ 1. The authority citation for part 38 continues to read as follows:

Authority: 16 U.S.C. 791-825r, 2601-2645; 31 U.S.C. 9701; 42 U.S.C. 7101-7352.

■ 2. Section 38.1 is revised to read as follows:

§ 38.1 Applicability.

This part applies to any public utility that owns, operates, or controls facilities

used for the transmission of electric energy in interstate commerce or for the sale of electric energy at wholesale in interstate commerce and to any non-public utility that seeks voluntary compliance with jurisdictional transmission tariff reciprocity conditions.

■ 3. Section 38.2 is amended by adding new paragraph (a)(8) to read as follows:

§ 38.2 Incorporation by reference of North American Energy Standards Board Wholesale Electric Quadrant standards.

(a) * * *

(8) Gas/Electric Coordination Standards (WEQ-011, Version 1, as adopted in Recommendation R04021 July 8, 2005).

* * * * *

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

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

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

■ 5. In § 284.12, paragraph (a)(1)(i) is revised to read as follows:

§ 284.12 Standards for pipeline business operations and communications.

(a) * * *

(1) * * *

(i) Additional Standards (General Standards and Creditworthiness Standards) (Version 1.7, December 31, 2003) and Additional Standards (Gas/Electric Operational Communications) (Version 1.8, September 30, 2006, with minor corrections applied December 31, 2006).

* * * * *

[FR Doc. E7-13591 Filed 7-13-07; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1 and 602

[TD 9339]

RIN 1545-BG44

Qualified Zone Academy Bonds; Obligations of States and Political Subdivisions

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations.

SUMMARY: This document contains final and temporary regulations that provide guidance to state and local governments that issue qualified zone academy bonds and to banks, insurance companies, and other taxpayers that hold those bonds on the program requirements for qualified zone academy bonds. The temporary regulations implement the amendments to section 1397E of the Internal Revenue Code (Code) (discussed in this preamble) and provide guidance on the maximum term, permissible use of proceeds, and remedial actions for qualified zone academy bonds. The text of these temporary regulations also serves as the text of the proposed regulations set forth in the notice of proposed rulemaking on this subject in the Proposed Rules section in this issue of the **Federal Register**. The portions of this rule that are final regulations provide necessary cross-references to the temporary regulations.

DATES: *Effective Date:* These regulations are effective on September 14, 2007.

Applicability Date: For dates of applicability, see § 1.1397E-1(m) of these regulations.

FOR FURTHER INFORMATION CONTACT:

Timothy L. Jones or Zoran Stojanovic, (202) 622-3980 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

These temporary regulations are being issued without prior notice and public procedure pursuant to the Administrative Procedure Act (5 U.S.C. 553). For this reason, the collection of information contained in these regulations has been reviewed, and pending receipt and evaluation of public comments, approved by the Office of Management and Budget under control number 1545-1908. Responses to this collection of information are required to obtain or retain a benefit.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

For further information concerning this collection of information, and where to submit comments on the collection of information and the accuracy of the estimated burden, and suggestions for reducing this burden, please refer to the preamble to the cross-referencing notice of proposed rulemaking published in the Proposed Rules section of this issue of the **Federal Register**.

Books and records relating to a collection of information must be