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**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**STANDARDS FOR BUSINESS ) Docket No. RM96-1-037  
PRACTICES FOR INTERSTATE )  
NATURAL GAS PIPELINES )**

**COMMENTS OF THE NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION IN RESPONSE TO NOTICE OF PROPOSED RULEMAKING  
ON STANDARDS FOR BUSINESS PRACTICES FOR  
INTERSTATE NATURAL GAS PIPELINES**

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## **I. INTRODUCTION**

The North American Electric Reliability Corporation (“NERC”) is pleased to provide these comments in response to the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) February 16, 2012 Notice of Proposed Rulemaking (“NOPR”) regarding Standards for Business Practices for Interstate Natural Gas Pipelines.<sup>1</sup>

The NOPR invites comment on the North American Energy Standards Board (“NAESB”) business practice standards proposed for incorporation by reference in the NOPR, as well as any related matters or alternative proposals.<sup>2</sup> NERC’s mission, as the FERC-designated Electric Reliability Organization (“ERO”),<sup>3</sup> is to ensure the reliability of the bulk power system in North America by, in part, developing and enforcing mandatory Reliability Standards for the Bulk Power System. NERC’s reliability mandate under section 215 of the Federal Power Act does not include authority to monitor and enforce market-based issues.

By this filing, NERC submits comments in response to the NOPR and in support of the modified Wholesale Gas Quadrant’s (“WGQ”) Standard 0.3.14, which changes the parties to whom pipelines are required to provide notification of operational flow orders and other critical notices.

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<sup>1</sup> *Notice of Proposed Rulemaking on Standards for Business Practices for Interstate Natural Gas Pipelines*, Docket No. RM96-1-037, (February 16, 2012) (“NOPR”).

<sup>2</sup> NOPR at P 37.

<sup>3</sup> *See North American Electric Reliability Corporation*, “Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing,” 116 FERC ¶ 61,062 (2006).

## **II. NOTICES AND COMMUNICATIONS**

Notices and communications with respect to this filing may be addressed to the following:<sup>4</sup>

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## **III. COMMENTS**

On March 14, 2011, the NAESB filed a report informing the Commission that it had adopted and ratified Version 2.0 of its business practice standards applicable to natural gas pipelines.<sup>5</sup> In its February 16, 2012 NOPR, the Commission proposed to amend its regulations at 18 CFR § 284.12 to incorporate by reference Version 2.0 of the NAESB WGQ consensus business practice standards.

In formulating its response to the NOPR, NERC staff sought input from the NERC Operating Committee and the Operating Reliability Subcommittee. Specifically, NERC

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<sup>4</sup> Persons to be included on FERC's service list are indicated with an asterisk. NERC requests waiver of FERC's rules and regulations to permit the inclusion of more than two people on the service list.

<sup>5</sup> On June 28, 2011, October 11, 2011, and December 22, 2011, NAESB submitted additional corrections and errata to the Version 2.0 business practice standards applicable to natural gas pipelines submitted on March 14, 2011.

requested feedback on the requirement that pipelines provide “Balancing Authorities and/or Reliability Coordinators, and Power Plant Gas Coordinators with notification of operational flow orders and other critical notices,” consistent with the NOPR:

NAESB modified the existing gas-electric coordination WGQ Standards 0.2.1 through 0.2.3, 0.3.11 through 0.3.15; and created a new Standard 0.2.4 to further define the roles and responsibilities of each participant under the Gas/Electric Operational Communication Standards promulgated in Order No. 698. Specifically, NAESB modified the WGQ Standards in order to define the terms Reliability Coordinator and Power Plant Gas Coordinator to replace existing terminology of Regional Transmission Organizations, Independent System Operators, any other appropriate independent transmission operators, and Power Plant Operators respectively. NAESB modified WGQ Standard 0.3.14 to change the parties to whom pipelines are required to provide notification of operational flow orders and other critical notices. *Pipelines are now required to provide Balancing Authorities and/or Reliability Coordinators, and Power Plant Gas Coordinators such information.*<sup>6</sup>

No comments in opposition to the requirement were received from the Operating Committee and the Operating Reliability Subcommittee.

Yet, while NERC wishes to express support for the content of this enhancement, a comment was submitted raising a concern that the term “and/or” is ambiguous and may cause confusion. Thus, NERC urges the Commission to clarify in its final order that pipelines must notify both Balancing Authorities *and* Reliability Coordinators of operational flow orders and other critical notices.

As noted in the NERC 2011 Special Reliability Assessment: *A Primer of the Natural Gas and Electric Power Interdependency in the United States*:<sup>7</sup>

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<sup>6</sup> NOPR at P 9 (*emphasis added*).

<sup>7</sup> See *NERC 2011 Special Reliability Assessment: A Primer of the Natural Gas and Electric Power Interdependency in the United States*, at p. 96 (December 2011), available at: [http://www.nerc.com/files/Gas\\_Electric\\_Interdependencies\\_Phase\\_I.pdf](http://www.nerc.com/files/Gas_Electric_Interdependencies_Phase_I.pdf).

Vital information needed for the reliable operation of the bulk power system should be shared with system operators from both [gas and electric] industries. Examples of this include the sharing of maintenance issues (*e.g.*, the pipeline and the generators), new facilities perceived impact, load levels, dispatch principles and general patterns or forecasts for both industries.

With the above clarification, NERC believes WGQ Standard 0.3.14 is a step in the right direction that will help support the improved reliability of the bulk power system. Therefore, NERC recommends FERC approval to incorporate by reference WGQ Standard 0.3.14.

#### **IV. CONCLUSION**

NERC is pleased to provide these comments in response to the Commission's NOPR.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 23<sup>rd</sup> day of March, 2012.

*/s/ Willie L. Phillips*

Willie L. Phillips

*Attorney for North American Electric  
Reliability Corporation*