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## DEPARTMENT OF ENERGY

### Federal Energy Regulatory Commission

#### 18 CFR Part 284

[Docket No. RM96-1-030]

#### Standards for Business Practices for Interstate Natural Gas Pipelines

Issued July 16, 2009.

**AGENCY:** Federal Energy Regulatory Commission, DOE.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Federal Energy Regulatory Commission (Commission) is proposing to amend its regulations prescribing standards for interstate natural gas pipeline business practices and electronic communications (found at 18 CFR 284.12) to incorporate by reference standards adopted by the Wholesale Gas Quadrant of the North American Energy Standards Board (NAESB) for Index-Based Capacity Release and Flexible Delivery and Receipt Points. These standards can be obtained from NAESB at 1301 Fannin, Suite 2350, Houston, TX 77002, 713-356-0060, <http://www.naesb.org>, and are available for viewing in the Commission's Public Reference Room.

The proposed standard for Flexible Delivery and Receipt Points allows natural gas-fired generators easier access to fuel at times when capacity is scarce. The proposed standard for Index-Based Capacity Release provides clarity on the timing and use of price indices for pricing and arranging index-based capacity release transactions.

**DATES:** Comments are due September 8, 2009.

**ADDRESSES:** You may submit comments, identified by docket number RM96-1-030, by any of these methods:

- *Agency Web Site:* <http://www.ferc.gov>. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format.

- *Mail/Hand Delivery:* Commenters unable to file comments electronically must mail or hand deliver an original and 14 copies of their comments to: Federal Energy Regulatory Commission,

Secretary of the Commission, 888 First Street, NE., Washington, DC 20426.

**FOR FURTHER INFORMATION CONTACT:**

Ryan Irwin (technical issues), Office of Energy Policy and Innovation, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 502-6454;

Kay I. Morice (technical issues), Office of Energy Market Regulation, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 502-6507;

Gary D. Cohen (legal issues), Office of the General Counsel, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 502-8321.

**SUPPLEMENTARY INFORMATION:** 128 FERC ¶ 61,031.

#### Standards for Business Practices for Interstate Natural Gas Pipelines; Notice of Proposed Rulemaking

1. The Federal Energy Regulatory Commission (Commission) proposes to amend its regulations at 18 CFR 284.12 to incorporate by reference the consensus standards adopted by the Wholesale Gas Quadrant (WGQ) of the North American Energy Standards Board (NAESB) that (1) permit the use of indices to price capacity release transactions and (2) afford greater flexibility on the receipt and delivery points for redirects of scheduled gas quantities.

#### I. Background

2. Since 1996, the Commission has adopted regulations to standardize the business practices and communication methodologies of natural gas interstate pipelines to create a more integrated and efficient pipeline grid. These regulations have been promulgated in the Order No. 587 series of orders,<sup>1</sup> wherein the Commission has incorporated by reference standards for interstate natural gas pipeline business practices and electronic communications that were developed and adopted by NAESB's WGQ. Upon incorporation by reference by the Commission, these standards have become a part of the Commission's regulations and have become mandatory and binding on the natural gas pipelines under the Commission's jurisdiction.

3. A cold snap in January 2004 in New England 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. NAESB developed a number of standards to enhance the coordination of scheduling and other business practices between the gas and electric industries. On June 27, 2005, NAESB filed these standards and requested clarification regarding a number of additional proposals that it was considering, including capacity release indexed pricing, the use of flexible receipt and delivery points upstream of a constraint, and changes to the intra-day nomination cycle.

4. In Order No. 698,<sup>2</sup> the Commission incorporated these standards by reference and provided the clarification requested in NAESB's June 27, 2005 filing. The NAESB report highlighted several issues relating to Commission policy that were inhibiting the development of additional standards and requested Commission guidance and clarification on these issues. In the NOPR<sup>3</sup> and in Order No. 698, the Commission provided clarification and guidance to NAESB regarding Commission policies in the following three areas: (1) Uses of gas indices for pricing capacity release transactions; (2) flexibility in the use of receipt and delivery points; and (3) changes to the intraday nomination schedule to increase the number of scheduling opportunities for firm shippers.

5. On September 3, 2008, NAESB submitted a report to the Commission with respect to these three issues. NAESB reports its membership conducted thirteen subcommittee meetings, many of which were multi-day meetings, held in a one year period from June 2007 to July 2008. While the standards discussed related only to gas issues, NAESB states that all interested parties including the Wholesale Electric Quadrant membership were asked to participate and make their perspectives known. Two hundred participants, including many from the electric industry, participated in these meetings.

<sup>2</sup> *Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities*, Order No. 698, FERC Stats. & Regs. ¶ 31,251 (2007), *order on clarification and reh'g*, Order No. 698-A, 121 FERC ¶ 61,264 (2007).

<sup>3</sup> *Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities*, FERC Stats. & Regs. ¶ 32,609 (2006) (NOPR).

<sup>1</sup> This series of orders began with the Commission's issuance of *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587, FERC Stats. & Regs. ¶ 31,038 (1996).

6. NAESB's September 2008 report indicates that the WGQ has adopted business practice standards for (1) increasing the flexibility of gas receipt and delivery points and (2) index-based pricing for capacity releases. In addition, despite holding 12 meetings with respect to modifying the intra-day nomination schedule, NAESB reports that none of the standards proposed achieved a sufficient consensus.

## II. Discussion

7. We recognize that the issues considered by NAESB were neither simple nor straightforward, and very much appreciate the hard work, and many hours committed by NAESB, and the 200 volunteers that participated in the process of developing and considering these standards. We propose to incorporate by reference the standards developed by NAESB with respect to index pricing and to flexible receipt and delivery points.<sup>4</sup> These standards will not only assist in providing gas for generation, but will provide enhanced flexibility to all shippers. The index pricing standards provide rules under which releasing and replacement shippers can create rate formulas for capacity release that will better reflect the value of capacity. These standards also reflect a reasonable compromise for dealing with copyright issues that arise in using gas indices to set prices, ensuring that shippers have a reasonable choice of available indices to use while equitably spreading the costs entailed by the use of such indices among the pipelines and shippers. The standard for the use of flexible receipt and delivery points will enable all shippers to quickly and efficiently redirect gas when such gas may be needed by gas generators or other shippers. With respect to the question of intra-day nominations on which consensus was not reached, we do not find a sufficient basis in the NAESB record for us to propose any changes to our current regulations and policies.

### A. NAESB's Business Practice Standards for Index-Based Pricing for Capacity Release Transactions and Flexible Point Rights

8. In Order No. 698, the Commission explained that under its regulations, releasing shippers are permitted to use price indices or other formula rates on

<sup>4</sup> The WGQ adopted the following changes to its standards: for index-based pricing of capacity release transactions, it modified WGQ Standards 5.3.1, 5.3.3, and 5.3.26, added WGQ Definitions 5.2.4 and 5.2.5, and added WGQ Standards 5.3.61, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, and 5.3.69; and for flexible points of receipt and delivery, it added WGQ Standard 1.3.80.

all pipelines, regardless of whether the pipeline has included a provision allowing the use of indices as part of its discounting provisions.<sup>5</sup> The Commission asked NAESB to examine standards to help ensure that such releases can be processed quickly and efficiently.

9. The standards for index-based pricing provide that shippers wishing to release capacity may use a variety of specified indices and methods to evaluate bids. The standards provide that pipelines must support at least two non-public price index references that are representative of receipt and delivery points on its system,<sup>6</sup> and must support all price indices it references in its gas tariff, or general terms and conditions of service. Releasing shippers are permitted to use alternative indices if the releasing shipper provides licenses to the pipeline for the use of those indices. The standards provide that the releasing shipper is responsible for providing the pipeline, and the replacement shipper, with the method of calculating the reservation rate from the index. The pipeline is required to adhere to the standard capacity release timeline for processing releases if the releasing shipper has provided the pipeline with sufficient instructions to evaluate corresponding bids. However, if the offer includes unfamiliar or unclear terms and conditions, or an index not supported by the pipeline, the pipeline may process the release on a slower time frame.

10. At the time NAESB filed its report with the Commission, it had not completed the technical standards for implementation of these standards. However, these technical standards have been completed,<sup>7</sup> and will be included in version 1.9 of the standards.

11. The Commission regulations require that pipelines permit shippers flexibility to change their receipt and delivery points on both a primary and secondary basis.<sup>8</sup> In its June 27, 2005

<sup>5</sup> An index-based release is a transaction in which the price for capacity is determined by differentials in the value of gas between the upstream and downstream market. As the Commission found in Order No. 637, the implicit value of transportation is the most that any person who can purchase gas in the downstream market would pay if it purchased gas in the upstream market and had to transport it to the downstream market. *Regulation of Short-Term Natural Gas Transportation Services, and Regulation of Interstate Natural Gas Transportation Services*, Order No. 637, FERC Stats. & Regs. ¶ 31,091, at 31,271 (2000).

<sup>6</sup> We understand NAESB's use of the phrase non-public to refer to commercial indices that charge subscription or license fees.

<sup>7</sup> See NAESB WGQ 2007 Annual Plan Item 7a/NAESB WGQ 2008 Annual Plan Item 4a/NAESB WGQ 2009 Annual Plan Item 4.

<sup>8</sup> 18 CFR 284.221(g) & (h).

report to the Commission, NAESB requested clarification regarding its consideration of a possible standard that would permit shippers to shift gas deliveries from a primary to a secondary delivery point when a pipeline constraint occurs upstream of both points.<sup>9</sup> In Order No. 698, the Commission explained that, under its policies, 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, and found that NAESB's proposal regarding scheduling through upstream constraint points appeared consistent with the Commission's regulations and policy.

12. In its September 3, 2008 filing, NAESB included a standard that would require pipelines to permit shippers to redirect scheduled quantities to other receipt points upstream of a constraint point or delivery points downstream of a constraint point without a requirement that the quantities be rescheduled through the point of constraint. This standard will provide shippers, including gas-fired generators, with increased flexibility to obtain capacity or gas from other shippers without adversely affecting other shippers' scheduling rights.

13. The standards for indexed capacity releases and flexible point rights appear to establish reasonable methods of providing enhanced flexibility to shippers and to increase the efficiency of the interstate pipeline grid, and we propose to incorporate these standards by reference.

14. NAESB approved the new and modified standards and related definitions under its consensus procedures.<sup>10</sup> Adoption of consensus standards is appropriate because the consensus process helps to 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 § 12(d) of the

<sup>9</sup> See Order No. 698, FERC Stats. & Regs. ¶ 31,251 at P 7-8.

<sup>10</sup> This process first requires a super-majority vote of 17 out of 25 members of the WGQ's Executive Committee with support from at least two members from each of the five industry segments—Distributors, End Users, Pipelines, Producers, and Services (including marketers and computer service providers). For final approval, 67 percent of the WGQ's general membership voting must ratify the standards.

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 a means to carry out policy objectives or activities determined by the agency.<sup>11</sup>

*B. Intra-Day Nomination Standards*

15. The NAESB report raised the possibility of developing standards that would offer an additional intra-day nomination cycle with rights for firm shippers to bump interruptible nominations. In Order No. 698, the Commission stated that NAESB should actively consider whether changes to existing intra-day schedules would benefit all shippers, and provide better

coordination between gas and electric scheduling.

16. The Commission's regulations provide that nominations by shippers with firm transportation priority have priority over nominations by shippers with interruptible service.<sup>12</sup> In Order No. 587-G,<sup>13</sup> issued in 1998, the Commission, however, followed the Gas Industry Standards Board<sup>14</sup> consensus and permitted pipelines with three intra-day nomination opportunities to exempt the last intra-day opportunity from bumping. The Commission found that the consensus created a fair balance between firm shippers, who will have had two opportunities to reschedule their gas, and interruptible shippers and will provide some necessary stability in

the nomination system, so that shippers can be confident by mid-afternoon that they will receive their scheduled flows.

17. The NAESB standards currently provide shippers four nomination opportunities: The Timely Nomination Period (11:30 a.m. CCT<sup>15</sup> the day prior to gas flow), the Evening Nomination Cycle (6 p.m. CCT the day before gas flow); Intra-Day 1 (10 a.m. CCT the day of gas flow); and Intra-Day 2 (5 p.m. CCT the day of gas flow). A firm nomination for the first three nomination cycles has priority over (can bump) an already scheduled interruptible (IT) nomination. But at the Intra-Day 2 cycle, a firm nomination will not bump already scheduled interruptible service.

Cycle	Nomination time (CCT)	Nomination effective	Bumping IT	Bumping notice	Schedule confirmed
Timely .....	11:30 am .....	Day-Ahead .....	Yes .....	4:30 pm .....	4:30 pm.
Evening .....	6 pm .....	Day-Ahead .....	Yes .....	10 pm .....	10 pm.
Intra-Day 1 .....	10 am .....	Day of .....	Yes .....	2 pm .....	2 pm.
Intra-Day 2 .....	5 pm .....	Day of .....	No .....	NA .....	9 pm.

18. The NAESB committee held 12 meetings and considered a wide variety of possible revisions to the nomination schedule adopted in 1998. These included complete revisions of the timeline, including changing the gas day; adding intra-day nomination opportunities within the existing framework; changing the Intra-Day 2 to a bump nomination while adding an additional no-bump nomination period, and merely changing the Intra-Day 2 cycle to a bumpable nomination. None of these proposals achieved a sufficient consensus at the subcommittee level.

19. Comments to the Executive Committee were mixed on whether any of these options were practicable, cost effective, or feasible. Some commenters contended that changing the gas nomination schedule would accomplish little for gas electric coordination without a coordinated development of a standardized electric schedule.<sup>16</sup> They also argued that no compelling need existed to change the gas schedule and that such a change could cause problems, because: Problems persist

with pipeline confirmations under the current gas nomination timeline and increasing the number of nomination cycles or shortening confirmation windows is likely to exacerbate those problems; modifying the intraday nomination timeline to increase and/or add to the number of bumpable cycles will further reduce the time to react to a cut in interruptible service; increasing the number of bumpable nomination cycles or delaying scheduling will decrease the number of available counter-parties in the event of a cut in scheduled volumes; adding more and later nomination cycles will cause staffing issues for LDCs, pipelines and gas marketers resulting in increased costs with no assurance of commensurate benefits.<sup>17</sup> A number of commenters also highlighted the need, in their view, to retain the no-bump rule for interruptible transportation as being important for electric generators as well as the market in general.<sup>18</sup>

20. Others, however, argued that changes in the operation of the gas markets since 1998 warrant ensuring

that firm shippers receive the full value of their firm contracts. These changes include the imposition of strict pro rata hourly take obligations along with significant imbalance charges and penalties; the development of the organized wholesale electric bid market that has increased the need to synchronize the scheduling of natural gas-fired generation units with dispatch notification timelines; the introduction of more third-party storage and service providers that require synchronization of scheduling opportunities in times of peak usage; the introduction of hourly gas contracting without hourly gas scheduling; and technological developments that permit automated and expedited scheduling.<sup>19</sup>

21. We agree with BG Energy Merchants that "all in all it was a difficult task that FERC gave to NAESB,"<sup>20</sup> and we appreciate the amount of work and time committed to the consideration of these issues. Ultimately, however, we agree with the Interested LDCs that "a simple, one-size fits-all solution does not exist that will

<sup>11</sup> Public Law 104-113, 12(d), 110 Stat. 775 (1996), 15 U.S.C. 272 note (1997).

<sup>12</sup> 18 CFR 284.12(b)(1)(i).

<sup>13</sup> *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587-G, FERC Stats. & Regs. ¶ 31,062, at 30,672 (1998).

<sup>14</sup> At that time, NAESB was the Gas Industry Standards Board and had not yet expanded to include the electric industry or the retail gas and electric segments.

<sup>15</sup> Central clock time.

<sup>16</sup> As an example of these comments, see NAESB September 3, 2008 filing at 26 (Comments of New Jersey Natural Gas Co., New Jersey Natural Gas Company, [http://naesb.org/pdf3/wgq\\_060308njng.doc](http://naesb.org/pdf3/wgq_060308njng.doc)), Comments of Interested LDCs, [http://naesb.org/pdf3/wgq\\_060308ldc.pdf](http://naesb.org/pdf3/wgq_060308ldc.pdf).

<sup>17</sup> *Id.*

<sup>18</sup> As an example, see NAESB September 3, 2008 filing at 26 (Comments of New England Power Generators Association, <http://naesb.org/pdf3/>

[wgq\\_060308nepga.pdf](http://naesb.org/pdf3/wgq_060308nepga.pdf), Independent Power Producers, [http://naesb.org/pdf3/wgq\\_060308ipppy.pdf](http://naesb.org/pdf3/wgq_060308ipppy.pdf)).

<sup>19</sup> As an example, see NAESB September 3, 2008 filing at 26 (Joint Comments of Multiple Entities, [http://naesb.org/pdf3/wgq\\_060308aps.pdf](http://naesb.org/pdf3/wgq_060308aps.pdf) for a detailed presentation of these arguments).

<sup>20</sup> See NAESB September 3, 2008 filing at 26 (Comments of BG Energy Merchants, [http://naesb.org/pdf3/wgq\\_060308bgem\\_dmt.doc](http://naesb.org/pdf3/wgq_060308bgem_dmt.doc)).

solve the complex issue of coordinating between the electric and gas industries, [because] the diversity within the electric industry (e.g., differing timelines, system peaks times, generation mixes, and prevalence of firm gas service), in particular, does not suggest that revising gas scheduling procedures is the most effective means to improve coordination.”<sup>21</sup> Based on the extensive NAESB record that we reviewed, we are not convinced that we have a sufficient basis for finding that any of the proposed revisions create a superior balance of interests compared with the original consensus.<sup>22</sup> We therefore are not proposing any changes to our regulations with regard to intra-day nominations.

22. The changes we implemented in Order No. 712,<sup>23</sup> the removal of the price ceiling for short term releases and the use of asset manager agreements, together with the standards that NAESB has approved for index pricing for capacity release and greater flexibility in using receipt and delivery points should

assist electric generators as well as other shippers in obtaining firm transportation capacity quickly and effecting changes in the way their gas is used. Rather than making a nationwide change in scheduling affecting all pipelines, this is an area best addressed by individual pipelines adding additional nomination opportunities or services to better accommodate specific conditions of their systems and the needs of gas-fired generation within their regions.

**III. Notice of Use of Voluntary Consensus Standards**

23. Office of Management and Budget Circular A-119 (section 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. In this NOPR, the Commission is proposing to incorporate by reference voluntary consensus standards developed by the WGQ.

**IV. Information Collection Statement**

24. The following collection of information contained in this proposed rule has been submitted to the Office of Management and Budget (OMB) for review under section 3507(d) of the Paperwork Reduction Act of 1995, 44 U.S.C. 3507(d). The Commission solicits comments on the Commission’s need for this information, whether the information will have practical utility, the accuracy of the provided burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected, and any suggested methods for minimizing respondents’ burden, including the use of automated information techniques. The following burden estimates include the costs to implement the WGQ’s definitions and business practice standards for interstate natural gas pipelines and electronic communication protocols. The burden estimates are primarily related to start-up to implement these standards and regulations and will not result in ongoing costs.

Data collection	Number of respondents	Number of responses per respondent	Hours per response	Total number of hours
FERC-549C .....	126	1	12	1,512
Totals .....	.....	.....	.....	1,512

Total Annual Hours for Collection (Reporting and Recordkeeping, (if appropriate)) = 1,512.

Information Collection Costs: The Commission seeks comments on the costs to comply with these requirements. It has projected the average annualized cost for all respondents to be the following:<sup>24</sup>

	FERC-549C
Annualized Capital/Startup Costs .....	\$226,800
Annualized Costs (Operations & Maintenance) ..	N/A
Total Annualized Costs .....	226,800

25. OMB regulations<sup>25</sup> require OMB to approve certain information collection requirements imposed by agency rule. The Commission is submitting notification of this proposed

rule to OMB. These information collections are mandatory requirements.

*Title:* Standards for Business Practices of Interstate Natural Gas Pipelines (FERC-549C).

*Action:* Proposed collections.

*OMB Control No.:* 1902-0174.

*Respondents:* Business or other for profit (Natural Gas Pipelines (Not applicable to small business.)).

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

32. *Necessity of Information:* This proposed rule, if implemented, would upgrade the Commission’s current business practice and communication standards to provide for greater accessibility to fuel in times of scarcity and rules to allow for alternative indices to establish rates for capacity release to better reflect the value of that capacity. The implementation of these standards will permit greater flexibility by

providing a reasonable choice of available indices to use while simultaneously providing a greater equalization of costs for their use. Incorporation of the standard for use of flexible receipt and delivery points allows for the efficient redirection of gas when it may be needed by gas-fired generators or other shippers thereby improving the reliability in both the electric and gas industries.

33. The implementation of these data requirements will help the Commission carry out its responsibilities under the Natural Gas Act of promoting the efficiency and reliability of the gas industries’ operations. The Commission’s Office of Energy Market and Regulation will use the data for general industry oversight.

34. *Internal Review:* The Commission has reviewed the requirements pertaining to business practices of natural gas pipelines and made a

<sup>21</sup> NAESB September 3, 2008 filing at 26 (Comments of Interested LDCs, [http://naesb.org/pdf3/wgq\\_060308ldc.pdf](http://naesb.org/pdf3/wgq_060308ldc.pdf)).

<sup>22</sup> For example, we do not know the costs to the pipelines and practical implications to shippers or others of creating more numerous intra-day nomination opportunities or adding a late

nomination period well after normal business hours.

<sup>23</sup> *Promotion of a More Efficient Capacity Release Market*, Order No. 712, FERC Stats. & Regs. ¶ 31,271 (2008), *order on reh’g*, Order No. 712-A, 73 Fed. Reg. 72,692 (December 1, 2008), FERC Stats. & Regs. ¶ 31,284 (2008).

<sup>24</sup> The total annualized cost for the two information collections is \$226,800. 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). \$226,800 = \$150 × 1,512.

<sup>25</sup> 5 CFR 1320.11.

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 limit miscommunication for participants engaged in the sale of electric energy at wholesale and the transportation of natural gas. These requirements conform to the Commission's plan for efficient information collection, communication, and management within the natural gas pipeline industries. The Commission has assured itself, by means of its internal review, that there is specific, objective support for the burden estimates associated with the information requirements.

35. Interested persons may obtain information on the reporting requirements by contacting the following: Federal Energy Regulatory Commission, Attn: Michael Miller, Office of the Executive Director, 888 First Street, NE., Washington, DC 20426 Tel: (202) 502-8415/Fax: (202) 273-0873, E-mail: [michael.miller@ferc.gov](mailto:michael.miller@ferc.gov).

36. Comments concerning the collection of information(s) and the associated burden estimate(s), should be sent to the contact listed above and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, DC 20503 [Attention: Desk Officer for the Federal Energy Regulatory Commission, phone: (202) 395-4638, fax: (202) 395-7285].

## V. Environmental Analysis

37. 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.<sup>26</sup> The Commission has categorically excluded certain actions from these requirements as not having a significant effect on the human environment.<sup>27</sup> The actions proposed 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 that requires no construction of facilities.<sup>28</sup> Therefore, an environmental assessment is

unnecessary and has not been prepared as part of this NOPR.

## VI. Regulatory Flexibility Act Certification

38. The Regulatory Flexibility Act of 1980 (RFA)<sup>29</sup> generally requires a description and analysis of final rules that will have significant economic impact on a substantial number of small entities. In drafting a rule an agency is required to: (1) Assess the effect that its regulation will have on small entities; (2) analyze effective alternatives that may minimize a regulation's impact; and (3) make the analysis available for public comment.<sup>30</sup> Based on our analysis of the requirements proposed in this NOPR, we do not think the proposed rule will have a significant impact on a substantial number of small entities.

## VII. Comment Procedures

39. The Commission invites interested persons to submit written comments on the NAESB business practice standards proposed for incorporation by reference in this NOPR, as well as any related matters or alternative proposals that commenters may wish to discuss. Comments are due September 8, 2009. Comments must refer to Docket No. RM96-1-030, and must include the commenter's name, the organization they represent, if applicable, and their address. Comments may be filed either in electronic or paper format.

40. Comments may be filed electronically via the eFiling link on the Commission's Web site at <http://www.ferc.gov>. The Commission accepts most standard word processing formats and commenters may attach additional files with supporting information in certain other file formats. Commenters filing electronically do not need to make a paper filing. Commenters that are not able to file comments electronically must send an original and 14 copies of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE., Washington, DC 20426. For paper filings, the original and 14 copies of such comments should be submitted to the Secretary of the Commission, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426.

41. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely, as described in the Document Availability section below. Commenters on this proposal are not required to

serve copies of their comments on other commenters.

## VIII. Document Availability

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

43. From FERC's Home Page on the Internet, this information is available in eLibrary. The full text of this document is available in eLibrary both 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.

44. User assistance is available for eLibrary and the FERC's Web site during the Commission's normal business hours. For assistance, contact FERC Online Support by e-mail at [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov), or by telephone at 202-502-6652 (toll-free at (866) 208-3676) or for TTY, contact (202) 502-8659.

## List of Subjects in 18 CFR Part 284

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

By direction of the Commission.

**Kimberly D. Bose,**  
Secretary.

In consideration of the foregoing, the Commission proposes to amend part 284, Chapter I, Title 18, *Code of Federal Regulations*, as follows:

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

1. 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.

2. Section 284.12 is amended by revising paragraphs (a)(1)(i) through (a)(1)(vii) to read as follows:

### § 284.12 Standards for pipeline business operations and communications.

- (a) \* \* \*  
(1) \* \* \*

(i) Additional Standards (General Standards, Creditworthiness Standards,

<sup>26</sup> Order No. 486, *Regulations Implementing the National Environmental Policy Act of 1969*, FERC Stats. & Regs. ¶ 30,783 (1987).

<sup>27</sup> 18 CFR 380.4.

<sup>28</sup> See 18 CFR 380.4(a)(2)(ii), 380.4(a)(5), 380.4(a)(27).

<sup>29</sup> 5 U.S.C. 601-612.

<sup>30</sup> 5 U.S.C. 601-604.

and Gas/Electric Operational Communications Standards) (Version 1.8, September 30, 2006);

(ii) Nominations Related Standards (Version 1.8, September 30, 2006) and including the standards contained in NAESB WGQ 2007 Annual Plan Item 7b/NAESB WGQ 2008 Annual Plan Item 4b (August 25, 2008);

(iii) Flowing Gas Related Standards (Version 1.8, September 30, 2006);

(iv) Invoicing Related Standards (Version 1.8, September 30, 2006);

(v) Quadrant Electronic Delivery Mechanism Related Standards (Version 1.8, September 30, 2006) with the exception of Standard 4.3.4;

(vi) Capacity Release Related Standards (Sep. 3, 2008) and including the standards contained in NAESB WGQ 2007 Annual Plan Item 7a/NAESB WGQ 2008 Annual Plan Item 4a (August 25, 2008) and the Standards included in NAESB WGQ 2007 Annual Plan Item 7a/NAESB WGQ 2008 Annual Plan Item 4a/NAESB WGQ 2009 Annual Plan Item 4; and

(vii) Internet Electronic Transport Related Standards (Version 1.8, September 30, 2006) with the exception of Standard 10.3.2.

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## DEPARTMENT OF DEFENSE

### Office of the Secretary

#### 32 CFR Part 199

[DOD-2008-HA-0025; 0720-AB20]

### TRICARE; Changes Included in the National Defense Authorization Act for Fiscal Year 2007; Improvements to Descriptions of Cancer Screening for Women

**AGENCY:** TRICARE Management Activity, Department of Defense.

**ACTION:** Proposed rule.

**SUMMARY:** The Department is publishing this proposed rule to implement section 703 of the National Defense Authorization Act (NDAA) for Fiscal Year 2007 (FY07), Public Law 109-364. Specifically, that legislation authorizes breast cancer screening and cervical cancer screening for female beneficiaries of the Military Health System, instead of constraining such testing to mammograms and Papanicolaou smears. The rule allows coverage for "breast cancer screening" and "cervical cancer screening" for female beneficiaries of the Military Health System, instead of

constraining such testing to mammograms and Papanicolaou tests. This rule ensures new breast and cervical cancer screening procedures can be added to the TRICARE benefit as such procedures are proven to be a safe, effective, and nationally accepted medical practice. This amends the cancer specific recommendations for breast and cervical cancer screenings to be brought in line with the processes for updating other cancer screening recommendations.

**DATES:** Written comments will be accepted at the address indicated below until September 22, 2009.

**ADDRESSES:** You may submit comments, identified by docket number and/or RIN, by any of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *Mail:* Federal Docket Management System Office, 1160 Defense Pentagon, Washington, DC 20301-1160.

*Instructions:* All submissions received must include the agency name and docket number or RIN for this **Federal Register** document. The general policy for comments and other submissions from members of the public is to make these submissions available for public viewing on the Internet at <http://www.regulations.gov>, as they are received without change, including any personal identifiers or contact information.

**FOR FURTHER INFORMATION CONTACT:** Colonel John Kugler, Office of the Chief Medical Officer, TRICARE Management Activity, telephone (703) 681-0064.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

The Department of Defense updated coverage for screening with the use of the breast MRI for women in a designated high risk category as advised by the American Cancer Society. In the process of providing this additional coverage, it was discovered that because of statutory wording, there was a group of high risk women that are standard beneficiaries under the age of 35 for whom this coverage could not be provided without an amendment in the Code of Federal Regulations (CFR). Amending the CFR will provide coverage for breast MRI screening for all Department of Defense beneficiaries in the high risk category recommended by the American Cancer Society.

##### II. Regulatory Procedures

*Executive Order (EO) 12866 and Regulatory Flexibility Act*

E.O. 12866 requires a comprehensive regulatory impact analysis be performed

on any economically significant regulatory action, defined as one that would result in an annual effect of \$100 million or more on the national economy or which would have other substantial impacts. The Regulatory Flexibility Act (RFA) requires each Federal agency prepare, and make available for public comment, a regulatory flexibility analysis when the agency issues a regulation that would have a significant impact on a substantial number of small entities. This rule is not an economically significant regulatory action and will not have a significant impact on a substantial number of small entities for purposes of the RFA, thus this proposed rule is not subject to any of these requirements. This rule, although not economically significant, is a significant rule under E.O. 12866 and has been reviewed by the Office of Management and Budget. Amending the CFR will provide coverage for breast MRI screening for all Department of Defense beneficiaries in the high risk category, if necessary. It is critically important that we eliminate any potential gaps in coverage for high risk individuals as quickly as possible.

##### *Paperwork Reduction Act*

This rule will not impose additional information collection requirements on the public under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3511).

##### *Unfunded Mandates Reform Act*

It has been certified that this rule does not contain a Federal mandate that may result in the expenditure by State, local and tribal governments, in aggregate, or by the private sector, of \$100 million or more in any one year.

##### *Executive Order (EO) 13132*

We have examined the impact(s) of the proposed rule under E.O. 13132 and it does not have policies that have Federalism implications that would have substantial direct effects on the States, on the relationship between the national Government and the States, or on the distribution of power and responsibilities among the various levels of government, therefore, consultation with State and local officials is not required.

##### **List of Subjects in 32 CFR Part 199**

Claims, dental health, health care, health insurance, individuals with disabilities, Military personnel.

Accordingly, 32 CFR, Part 199 is proposed to be amended as follows: