

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

**Communication of Operational Information) Docket No.RM13-17-000
Between Natural Gas Pipelines and Electric)
Transmission Operators)**

COMMENTS OF THE NATURAL GAS SUPPLY ASSOCIATION

The Natural Gas Supply Association (“NGSA”) hereby submits reply comments in the above captioned proceeding. Although the Notice of Proposed Rulemaking (“NOPR”) on communications between pipelines and transmission operators¹ did not specifically provide for reply comments, NGSA believes a response is needed to extensive proposals made in the initial comments that would significantly erode the remaining restrictions on communicating non-public information. Accordingly, NGSA asks the Federal Energy Regulatory Commission (“FERC” or “the Commission”) to accept NGSA’s limited comments on reply.

NGSA is a trade association which represents integrated and independent companies that produce and market domestic natural gas. Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy, and promotes the benefits of competitive markets to ensure reliable and efficient transportation and delivery of natural gas and to increase the supply of natural gas to U.S. customers. Members of NGSA supply natural gas to gas-fired power generators and are shippers on interstate pipelines impacted by the communications rule proposed

¹See *Communication of Operational Information Between Natural Gas Pipelines and Electric Transmission Operators*, Notice of Proposed Rulemaking, Docket No. RM13-17-000 (July 18, 2013).

in the NOPR. For these reasons, policy changes that may occur as a result of this proceeding will have a direct impact on NGSA.

I. COMMUNICATIONS

Any communications with respect to this pleading and this proceeding should be addressed to:

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II. COMMENTS

NGSA generally supports the Commission's proposal. As we noted in our initial comments, it is helpful for operators to be able to communicate. While improving communications between operators is helpful, that remains only one piece of the gas/electric coordination puzzle. Allowing greater communications will not, for example, create pipeline capacity through efficiency gains as some have hoped. Still, the rule represents a useful step forward that NGSA supports.

In our initial comments, NGSA asked FERC to protect market participants by expanding the No-Conduit Rule to pipeline capacity marketing employees, providing parameters for what types of information could be shared between operators and implementing an assessment of the rule after one year. In these reply comments, NGSA would like to address three changes to the rule requested in the initial comments on the NOPR, which we believe may significantly reduce the protections in the rule: 1) calls for

the expansion of the NOPR to allow communications of non-public information between more parties,² 2) requests that the rules limiting communications be suspended during "emergencies" and 3) additional requests for an assessment of the rule after implementation.

A. To the extent that other entities, such as LDCs, generators, intrastate pipelines and gatherers are allowed to participate in operator communications about non-public information, FERC should be careful to restrict these entities' access to non-public information.

In their initial comments, the American Gas Association ("AGA"), Dominion and the New York Public Service Commission ("NY PSC")³ asked FERC to expand the proposed rule to include Local Distribution Companies ("LDCs"). AGA asserts that LDCs' status as operators justifies their inclusion in communications between pipelines and transmission operators. Dominion agrees. The NY PSC urges FERC to allow LDCs to share and receive non-public operational information because many generators in New York are behind LDC city-gates. In cases where generators are behind a LDC city-gate instead of directly connected to an interstate pipeline, it may be appropriate to include LDCs in communications between electric transmission operators and pipelines.⁴

Similarly, Enable Pipelines asked FERC to expand the rule to allow interstate pipelines to communicate operational information shared under the proposed rule with interconnected intrastate pipelines and gatherers, which Enable notes are also

² See initial comments of AGA, Dominion, NYPSC, INGAA

³ See comments of AGA, Dominion and the NY PSC

⁴ It should be noted that because LDCs also participate directly in the gas markets through blanket sales certificates, particular caution and emphasis should be placed on ensuring that LDC marketing function employees do not obtain a commercial advantage through access to non-public information.

operators. Several commenters also asked FERC to allow generators to participate in conversations between pipelines and electric transmission operators.⁵

As NGSAs mentioned in our initial comments,⁶ allowing customers, such as generators, to participate in communications between pipelines and transmission operators must be done with care. FERC's Standards of Conduct with the No Conduit Rule currently ensure that competitively sensitive information is not shared inappropriately. NGSAs commend FERC's efforts to protect markets by implementing the Standards and urges FERC to maintain restrictions on communications between competing market participants and operators in order to ensure competitive markets. To that end, as articulated in NGSAs' initial comments, to the extent any such conversations are condoned, FERC should clarify what information may or may not be discussed. FERC should also clarify that, in general, such communications should be restricted to information flow from the specific participant to a transmission operator and that commercially sensitive, non-public information should not flow from the transmission operators to such parties.

To the extent that LDCs, intrastate pipelines, gatherers and generators are allowed to communicate with pipelines and transmission operators, FERC should require that the No-Conduit Rule be extended to them as a measure of protection for any non-public information that may have been inadvertently conveyed. Applying the

⁵ See comments of EPSA, NEPGA, NYISO, EEI

⁶ See p.8-9 of NGSAs initial comments.

No-Conduit Rule to all entities that are allowed to communicate under the proposed rule will ensure could help protect commercially-sensitive information.

B. FERC should deny requests to suspend the communications rules during emergencies or clearly define what constitutes an emergency.

The New England Gas Industry and the Interstate Natural Gas Association of America ("INGAA") asked FERC to allow unfettered communications between any entities during "emergencies." Identifying what situations constitute an emergency can be subjective. Instead of carving out confusing exceptions for emergencies, FERC should craft reasonable rules on communications that allow enough communications to ensure reliability in all situations.

Alternatively, if the Commission decides to allow temporary suspensions of the communications rules, it is essential that the entire industry have a clear understanding of what an emergency is. FERC should therefore define an emergency that would trigger a suspension of rules prohibiting communications. The Commission should also closely monitor these declarations of emergencies to ensure that information sharing is not used to unduly disadvantage market participants. At a minimum, the Commission should strictly maintain the No-Conduit rule, restricting communications to operational (*i.e.* non-marketing) employees, at all times, regardless of any relaxation of the associated communications rules.

C. FERC should reassess the rule after one year.

In their initial comments, the New England States Committee on Electricity ("NESCOE"), the National Rural Electric Cooperative ("NRECA"), the Ohio Public Utilities Commission and the Massachusetts Municipal Wholesale Electric Company

("MMWEC") each asked for an after-the-fact assessment of the rule, similar to NGSA's initial request. Consistent with its initial comments, NGSA urges the Commission to acquiesce to the multiple requests to evaluate the impacts of the final rule one year after it is implemented by evaluating reports from pipelines and transmission operators on what information was shared under the rule and holding a technical conference to assess the impacts of the rule.

III. CONCLUSION

Taken together, the proposals in the initial comments to relax the proposed rule represent a significant erosion of FERC's rules restricting sharing non-public information. NGSA agrees that allowing greater communications between operators will improve gas/electric coordination. However, communications must be subject to some restrictions in order to prevent any harm to the market. The requests to allow interstate pipelines, transmission operators, generators, LDCs, gatherers and intrastate pipelines to communicate non-public information would significantly expand the universe of entities who have access to commercially sensitive information. Allowing all such market participants to freely communicate during emergencies would further weaken restrictions on sharing non-public, commercially sensitive information. FERC should be cautious about granting these requests without some limitations. For example, entities other than interstate pipelines and transmission operators might be allowed to provide and not receive non-public information. The Commission should also ensure that any entity involved in communications under the proposed rule is subject to the No-Conduit Rule and should limit industry's ability to self-proclaim

emergencies that allow greater communications. Finally, FERC should reassess the impacts of the final rule after one year to determine the impacts of allowing increased communications.

Respectfully,

/s/ Carly J. Page

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