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Commissioner John R. Norris

Statement of
Commissioner John R. Norris on
Adopting NAESB Business Practice Standards for Interstate Natural Gas Pipelines

"This Final Rule adopts important new consensus business practice standards for pipelines that provide consistency in the use of rate-indices to price capacity releases, allow new flexibility for pipeline shippers to redirect their natural gas, and establish more uniform reporting of gas quality information.

Many of the new standards we incorporate in our regulations today have their origin in a severe cold snap that struck New England in January 2004, producing coincident peaks in both the electric and natural gas systems in the region. Operators of natural gas-fired electric generating plants that were needed to meet increased demand found it more difficult to acquire pipeline transportation service and gas supply as a result.

Since that event, the natural gas and electric industries, under the leadership of NAESB, have done an admirable job of coming together to examine the relationship among their industries and craft business practices and standards to improve coordination and communication between them.

Today's Final Rule builds on that work by incorporating additional communication standards and protocols and business practices that supplement standards already incorporated in our regulations in this area. In particular, the new standards provide additional flexibility in receipt and delivery points to enable shippers, including gas-fired generators, to quickly and efficiently redirect gas to where it is needed.

In addition to addressing events like the 2004 cold snap, this additional flexibility may also prove to be an important tool for electric system operators to efficiently use gas-fired generation resources to manage greater amounts of variable renewable resources in their supply portfolio.

I am happy to support this Final Rule."