

**SUPPORTING STATEMENT FOR
RM96-1-043 Final Rule and
FERC-549C, Standards for Business Practices of Interstate Natural Gas Pipelines,
OMB Control Number 1902-0174**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review the revision of the FERC-549C information collection, Standards for Business Practices of Interstate Natural Gas Pipelines, OMB Control Number 1902-0174, in connection with the Final Rule in Docket No. RM96-1-043.

In the Final rule, the Commission amends its regulations at 18 CFR 284.12 to incorporate by reference, with certain enumerated exceptions, Version 4.0 of Standards for Business Practices of Interstate Natural Gas Pipelines adopted by the Wholesale Gas Quadrant of the North American Energy Standards Board (NAESB).¹ These amendments would affect FERC-545 and FERC-549C. This supporting statement addresses the changes to FERC-549C. A separate supporting statement addresses the changes to FERC-545.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

The information collection at FERC-549C is involved in the Commission's compliance with sections 4, 5, 7, 8, 10, 14, 16, and 20 of the Natural Gas Act (NGA),² and sections 311, 501, and 504 of the Natural Gas Policy Act of 1978 (NGPA).³ The Commission adopted the information collection activities in FERC-549C in association with business practice standards that update and standardize the natural gas industry's business practices and procedures and in addition improve the efficiency of the gas market and the means by which the gas industry conducts business across the interstate pipeline grid.

Since 1996, the Commission has adopted regulations to standardize the business practices and communication methodologies of interstate natural gas pipelines to create a more integrated and efficient pipeline grid. The process of standardizing business practices in the natural gas pipeline industry began with a Commission initiative to standardize electronic communication of capacity release transactions. Working groups composed of all segments of the natural gas industry were created and ultimately led to the creation of NAESB.

¹ NAESB is an American National Standards Institute-accredited, non-profit standards development organization formed for the purpose of developing voluntary standards and model business practices that promote more competitive and efficient natural gas and electric markets.

² 15 U.S.C. 717c-717w

³ 15 U.S.C. 3301-3432

In the Order No. 587 series of orders,⁴ the Commission has incorporated by reference standards for interstate natural gas pipeline business practices and electronic communications that were developed and adopted by the Wholesale Gas Quadrant (WGQ) of NAESB. Currently effective Version 3.2 of the standards will be replaced by Version 4.0 when the Final Rule is implemented.

For each standard, the pipeline must specify in the tariff section or tariff sheet(s) listing all the NAESB standards:

1. Whether the standard is incorporated by reference;
2. For those standards not incorporated by reference, the tariff provision that complies with the standard; or
3. For those standards with which the pipeline does not comply, an explanatory statement, including an indication of whether the pipeline has been granted a waiver, extension of time, or other variance with respect to compliance with the standard.

2. HOW, BY WHOM, AND FOR WHAT PURPOSE THE INFORMATION IS TO BE USED AND THE CONSEQUENCES OF NOT COLLECTING THE INFORMATION

The Final Rule revises the information collection activities in FERC-549C by:

- Adding a new data element, “Cycle Indicator,” to the data set for the Storage Information standard to address technical details for the reporting of storage balances and the activities that affect storage balances;
- Revising the data element “Service Requester Contract” contained in the data set for the Flowing Gas Related Allocation standard to identify the applicable contract and to support the communication of the results of processes used to allocate the actual flow of gas quantities to parties involved in a transaction; and
- Adding a new sender’s option data element, “Location Indicator Data,” to the Transactional Reporting – Capacity Release standard to improve efficiencies by providing a mechanism for a transportation service provider to communicate the locations at which a discounted rate is offered as well as if the rate is associated with a single location, multiple locations, or all locations.

⁴ This series of orders began with the Commission’s issuance of *Standards for Bus. Practices of Interstate Nat. Gas Pipelines*, Ord. No. 587, FERC Stats. & Regs. ¶ 31,038 (1996).

Failure to collect the FERC-549C data would prevent the Commission from monitoring and properly evaluating pipeline transactions and/or meeting statutory obligations under both the NGA and NGPA.

The implementation of these standards and regulations has promoted the additional efficiency and reliability of the natural gas industries' operations thereby helping the Commission to carry out its responsibilities under the NGA. In addition, the Commission's Office of Enforcement will use the data for general industry oversight. These requirements conform to our plan for efficient information collection, communication, and management within the natural gas pipeline industries.

3. DESCRIBE ANY CONSIDERATION FOR THE USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN AND TECHNICAL OR LEGAL OBSTACLES TO REDUCING BURDEN

The Commission has implemented the capability and requirement for electronic tariff filings. Further, the Commission has improved the security for submitting electronic tariff filings. In addition, the Commission has improved the pipelines' online process of appointing and modifying agents with the authority to make an electronic tariff filing on the pipeline's behalf.

4. DESCRIBE EFFORTS TO IDENTIFY DUPLICATION AND SHOW SPECIFICALLY WHY ANY SIMILAR INFORMATION ALREADY AVAILABLE CANNOT BE USED OR MODIFIED FOR USE FOR THE PURPOSE(S) DESCRIBED IN INSTRUCTION NO. 2.

Commission filings and data requirements are periodically reviewed in conjunction with OMB clearance expiration dates. This includes a review of the Commission's regulations and data requirements to identify duplication. No duplication of the information collection requirements has been found.

5. METHODS USED TO MINIMIZE BURDEN IN COLLECTION OF INFORMATION INVOLVING SMALL ENTITIES

The Small Business Administration's (SBA) Office of Size Standards develops the numerical definition of a small business as matched to North American Industry Classification System Codes (NAICS). The SBA (in 13 CFR 121.201) has established a size standard for pipelines transporting natural gas, currently stating that a firm is a small entity if its total annual receipts (in combination with its affiliates) are \$41.5 million or less.⁵

⁵ U.S. Small Business Administration, Table of Small Business Size Standards for Pipeline Transportation of Natural Gas, NAICS Code 486210, Subsector 486 at 13 CFR 121.201.

The FERC-549C filings are requirements related to pipeline rate filing obligations for the transportation and storage of natural gas. The filings collect data from both large and small respondent companies. The data required was designed to impose the least possible burden for companies, while collecting the information required for processing the filings. Use of the Internet to file documents electronically is the primary method the Commission uses to minimize the filing burden.

6. CONSEQUENCE TO FEDERAL PROGRAM IF COLLECTION WERE CONDUCTED LESS FREQUENTLY

The FERC-549C collection activities in the Final Rule are one-time compliance filings. Failure to collect the information would prohibit the Commission from properly monitoring and evaluating pipeline transactions and meeting statutory obligations under the Natural Gas Policy Act and Natural Gas Act.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The 549C presents no special circumstances.

8. DESCRIBE EFFORTS TO CONSULT OUTSIDE THE AGENCY: SUMMARIZE PUBLIC COMMENTS AND AGENCY'S RESPONSE TO THESE COMMENTS

1. The Commission published the NOPR on April 5, 2024 (89 FR 23954) and invited public comments until June 4, 2024. The Final Rule Published on XX/XX/XX addresses: On October 2, 2023, NAESB filed a report (Informational Report) informing the Commission that it had adopted and ratified WGQ Version 4.0 of its business practice standards applicable to interstate natural gas pipelines. WGQ Version 4.0 includes business practice standards developed and modified in response to industry requests and directives from the NAESB Board of Directors. This version also includes the standards developed in response to the

recommendations of Sandia National Laboratories (Sandia),⁶ which in 2019 issued a DOE-sponsored cybersecurity surety assessment of the NAESB standards.⁷

NAESB's Informational Report identifies all the changes made to the WGQ Version 3.2 standards and summarizes the deliberations that led to the changes being made. It also identifies changes to the existing standards that were considered but not adopted due to a lack of consensus or other reasons.

On March 21, 2024, the Commission issued a Notice of Proposed Rulemaking proposing to amend its regulations to incorporate by reference, with certain enumerated exceptions, the WGQ Version 4.0 business practice standards applicable to interstate natural gas pipelines.⁸

On May 21, 2024, NAESB submitted, and the Commission noticed for comment, an errata filing to update the Informational Report, noting a minor correction to an existing WGQ standard.⁹ The standard supports the communication of invoices between trading

⁶ Sandia is a multidisciplinary national laboratory and federally funded research and development center for the U.S. Department of Energy's (DOE) National Nuclear Security Administration that supports numerous federal, state, and local government agencies, companies, and organizations.

⁷ In April 2017, NAESB announced that Sandia, through funding provided by DOE, would be performing a surety assessment of the NAESB standards. As determined by Sandia and DOE, the purpose of the surety assessment was to analyze cybersecurity elements within the standards, focusing on four areas: (1) the NAESB Certification Program for Accredited Certification Authorities, including the Wholesale Electric Quadrant (WEQ)-012 Public Key Infrastructure Business Practice Standards, the NAESB Accreditation Requirements for Authorized Certificate Authorities, and the Authorized Certification Authority Process; (2) the WEQ Open Access Same-Time Information Systems suite of standards; (3) the WGQ and Retail Markets Quadrant Internet Electronic Transport (IET) and Quadrant Electronic Delivery Mechanism (EDM) Related Standards Manual; and (4) a high-level dependency analysis between the gas and electric markets to evaluate the different security paradigms the markets employ.

⁸ *Standards for Bus. Practs. of Interstate Nat. Gas Pipelines*, Notice of Proposed Rulemaking, 89 FR 23954 (Apr. 4, 2024), 186 FERC ¶ 61,196 (2024) (WGQ Version 4.0 NOPR).

⁹ NAESB adopted the minor correction, Minor Correction MC24002, on May 17, 2024, which modifies NAESB WGQ Standard No. 3.4.1 – Transportation / Sales Invoice included in the WGQ Invoicing Related Standards.

partners, including transactions for natural gas transportation and sales and related charges and/or allowances. NAESB states that it adopted and ratified the changes for that standard on March 23, 2020, which became effective on November 3, 2020, but were inadvertently omitted from WGQ Version 3.2 and WGQ Version 4.0. The minor correction revised the Electronic Delivery Mechanism (EDI) X12 Mapping Guidelines for existing WGQ standard 3.4.1 – Transportation/Sales Invoice to add code values for five data elements.¹⁰

In response to the WGQ Version 4.0 NOPR, the American Gas Association (AGA) and the Interstate Natural Gas Association (INGAA) filed comments. AGA expresses support of the Commission’s proposed rulemaking as well as the minor correction submitted by NAESB on May 21, 2024.¹¹ INGAA also supports the Commission’s proposed rulemaking but urges that the Commission does not implement the Final Rule during the winter heating season, and thus, requests that the implementation date of the Final Rule should not be earlier than April 1, 2025.¹²

Discussion

In the WGQ Version 4.0 NOPR, the Commission proposed to incorporate by reference in its regulations the NAESB WGQ Version 4.0 business practice standards, with the

¹⁰ NAESB states that the standard changes are to ensure the hierarchal structure of the dataset complied with the Accredited Standards Institute X12 Transaction Set 811 Consolidated Service Invoice/Statement.

¹¹ AGA Comments at 1. AGA also expresses its disappointment that Standards Request No. 23001 was not part of the proposed revisions. AGA Comments at 1-2. These comments do not pertain to this Final Rule, and thus, will not be addressed.

¹² INGAA Comments at 2.

exception of NAESB's standards specifying the terms of optional model contracts and the eTariff-related standards. No commenters opposed the Commission's proposal.

In this Final Rule, we adopt the proposal to incorporate by reference, in our regulations, the NAESB WGQ Version 4.0 business practice standards, with certain exceptions. As an initial matter, we note that the WGQ Version 4.0 business practice standards include modifications, reservations, deletions, and additions to the following set of Version 3.2 WGQ Standards. (Each set of Business Practice Standards is referred to as a manual.)

Manual	Business Practice Standards
0	Additional Standards
2	Flowing Gas Related Standards
3	Invoicing Related Standards
4	Quadrant Electronic Delivery Mechanism Standards
5	Capacity Release Related Standards
10	WGQ / REQ / RGQ Internet Electronic Transport

Additionally, the WGQ Version 4.0 business practice standards include one new manual of standards:

Manual	Business Practice Standards
12	Cybersecurity Related Standards

We require compliance filings be made by February 3, 2025, with an effective date of August 1, 2025. as more fully described below.

We discuss below some specific aspects of NAESB's Informational Report.

The NAESB WGQ Version 4.0 Business Practice Standards

NAESB used its consensus procedures to develop and approve the WGQ Version 4.0 business practice standards. As the Commission found in Order No. 587, the 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 industry participants representing all segments of the industry. Moreover, since the industry itself must 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),¹³ 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.

We incorporate by reference into the Commission's regulations the WGQ Version 4.0 business practice standards, with the exception of NAESB's standards specifying the terms of optional model contracts and the eTariff-related standards, as discussed below.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts made or given to respondents associated with FERC-549C.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

¹³ Pub. L. No. 104-113, § 12(d), 110 Stat. 775 (1996).

The Final Rule in Docket No, RM96-1-043 does not affect assurances of confidentiality. In the previously approved Standards, NAESB added language to existing Standards 4.3.60, 4.3.61, 10.2.33, and 10.3.25 to clarify the Transport Layer Security protocol,¹⁴ which encrypts data to hide information from electronic observers on the internet. NAESB also deleted all references to the Secure Sockets Layer protocol in the standards. Concerning identification key lengths, the Sandia Surety Assessment recommended that Rivest-Shamir-Adelman keys¹⁵ must be no shorter than 2048 bits, Elliptic Curve Digital Signature Algorithm keys¹⁶ must be no shorter than 224 bits, Hash¹⁷ algorithms should be from the Secure Hash Algorithm (SHA)-2¹⁸ or SHA-3 families, and acceptable Advanced Encryption Standard key lengths range from 128, to 192, to 256. The Sandia Surety Assessment recommended that, in general, implementors use the largest feasible key length consistent with implementation of current business processes. In response, NAESB deleted Standard 4.3.83 to remove legacy support references and maintain a minimum encryption strength of 128 bits. Further, NAESB revised existing Standards 10.2.34 and 10.3.15 to delete a proprietary Pretty Good Privacy (PGP)¹⁹ related hyperlink and to accommodate license-free OpenPGP, respectively. NAESB also adopted a new Standard 10.2.39 to specify that OpenPGP should be used to create public and private keys for privacy and digital signature applications.

In general, for submittals to the Commission, filers may submit specific requests for confidential treatment to the extent permitted by law; details are available in 18 C.F.R. Section 388.112.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE, SUCH AS SEXUAL BEHAVIOR AND ATTITUDES, RELIGIOUS BELIEFS, AND OTHER MATTERS THAT ARE COMMONLY CONSIDERED PRIVATE.

There are no questions of a sensitive nature in the reporting requirements.

¹⁴ The National Institute of Standards and Technology Special Pub. 800-52 requires government Transport Layer Security servers and clients to support Transport Layer Security Version 1.2 and recommends support for Transport Layer Security Version 1.3 by the year 2024.

¹⁵ Rivest-Shamir-Adelman is a public key infrastructure algorithm composed of a public component and a private component that is typically installed on a recognized Certificate Authority.

¹⁶ Elliptic Curve Digital Signature Algorithm public keys generate an encrypted signature to validate data.

¹⁷ A Hash is a cryptology technique used for digital signatures in which a series of numbers that may represent, for example, a password, an image, a document, or an executable file is used to generate a cryptographic hash (i.e., a large number).

¹⁸ SHA-2 is a set of cryptographic hash functions.

¹⁹ PGP is a proprietary (i.e., an organization must pay to use it) encryption program developed to enhance the confidentiality and integrity of data.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

*Estimate of Annual Burden:*²⁰ The estimated hourly cost (salary plus benefits) provided in the following table is based on the salary figures for May 2023 by the Bureau of Labor Statistics for the Utilities sector (available at https://www.bls.gov/oes/current/naics3_221000.htm) and scaled to reflect benefits using the relative importance of employer costs for employee compensation from December 23, 2023 (available at <https://www.bls.gov/news.release/ecec.nr0.htm>). The hourly estimates for salary plus benefits are:

- Computer and Information Systems Manager (Occupation Code: 11-3021), \$101.58;
- Computer and Information Analysts (Occupation Code: 15-1120(1221), \$87.42;
- Electrical Engineer (Occupation Code: 17-2071), \$70.19; and
- Legal (Occupation Code: 23-0000), \$142.65.

The average hourly cost (salary plus benefits), weighting these skill sets evenly, is \$101.46. We round that cost to \$101/hour.

The Commission estimates the estimated annual burden and cost for this information collection, due to the Final rule in Docket No. RM96-1-043, as follows:

Type of Response	Number of Respondents (1)	Average Number of Responses per Respondent (2)	Total Number of Responses (3)	Average Burden & Cost per Response (4)	Total Annual Burden Hours & Total Annual Cost (3 * 4 = 5)	Cost per Respondent (5 / 1 = 6)
FERC-549C (one-time)	193	1	193	100 hrs.; \$10,100	19,300 hrs.; \$1,949,300	\$10,100

The one-time burden (for both the FERC-545 and FERC-549C) would take place in Year 1 and will be averaged over 3 years as follows:

FERC-545: $1,930 \div 3 = 643.33$ hours/year over 3 years

FERC-549C: $19,300 \div 3 = 6,433.33$ hours/year over 3 years

The responses and burden for Years 1-3 would total respectively as follows:

Year 1: 64.33 responses; 643.33 hours (FERC-545); 6,433.33 hours (FERC-549C)

Year 2: 64.33 responses; 643.33 hours (FERC-545); 6,433.33 hours (FERC-549C)

²⁰ “Burden” is the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. For further explanation of what is included in the information collection burden, refer to 5 CFR 1320.3.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no capital or start-up costs that are not associated with the burden hours. All of the costs are related to burden hours and are detailed in Questions #12 and #15.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The PRA Administration Cost of \$8,396 in the following table includes the federal costs of preparing supporting statements, notices, and other activities associated with compliance with the Paperwork Reduction Act. The Data Processing and Analysis Cost in the following table is based on FERC’s Fiscal Year 2024 average cost per Full- Time Equivalent (salary plus benefits) of \$207,786 per year (for 2,080 work hours), rounded to \$100 per hour.

	Number of Hours or FTE’s	Estimated Annual Federal Cost (\$)
PRA Administration Cost	-	\$8,396.00
Data Processing and Analysis Cost	0.25	\$51,946.50
Total		\$60,342.50

15. REASONS FOR CHANGES IN BURDEN INCLUDING THE NEED FOR ANY INCREASE

The burden estimates associated with the Final rule in Docket No. RM96-1-043 are program changes for FERC-549C. In the following table, the requested burdens include those in Version 4.0 in Docket No. RM96-1-043. The previous burdens are those approved as a result of the final rule approving Version 3.2.

	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
FERC-549C				
Annual Number of Responses	554	549	0	+5
Annual Time Burden (Hr.)	53,473	52,973	0	+500
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

Despite the fact that FERC-549C data are publicly available, there are no tabulating, statistical or publication plans.

17. DISPLAY OF EXPIRATION DATE

The expiration date is displayed in a table posted on ferc.gov at <https://www.ferc.gov/information-collections>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.