



February 2, 2017

North American Energy Standards Board
801 Travis Street
Suite 1675
Houston, TX 77002

Re: NGSA Support for the Point Operator and Producer Level Confirmations Proposed Standard at NAESB

Dear NAESB Executive Committee:

The Natural Gas Supply Association ('NGSA') respectfully submits this letter in support of the proposed NAESB WGQ Business Practice Standard 1.3.z3 related to Point Operator and Producer level of confirmations ('proposed standard'). We ask you to consider the benefits provided by the proposed standard and approve the proposed standard at the February 23, 2017 Executive Committee meeting.

NGSA represents integrated and independent energy companies that produce and market domestic natural gas. As a diverse group of producers, pipeline shippers and Point Operators, we value the efficiencies and enhancements this proposed standard would bring to the natural gas industry. If approved, the proposed standard would enhance the confirmation process for Point Operators, gas suppliers, service requestors, limited distribution companies (LDCs) and end users across interstate pipelines.

In response to direction from FERC in its April 16, 2015 Order 809, NAESB held a series of meetings to "begin considering the development of standards related to faster, computerized pipeline scheduling... including a streamlined confirmation process." Throughout the NAESB Gas Electric Harmonization (GEH) meetings, NGSA and its members were actively engaged and helped develop several potential standards that would meet the Commission's directive, including drafting and leading this proposed standard at NAESB's Business Practices Subcommittee (BPS) related to Point Operator and Producer level of confirmations. This proposed standard directly meets the Commission's objective of a "streamlined confirmation process" by creating efficiencies during Point Operator confirmations for multiple parties across interstate pipelines, as discussed below. Since NAESB is expected to report back on its efforts to FERC in March 2017, we believe this proposed standard will demonstrate to the Commission the industry's commitment to improving practices and processes.

Importantly, this confirmation process is already used by some service providers and is considered a 'best practice' by Point Operators who work with the pipelines that offer this service. A handful of industry participants using this practice have already realized the tangible benefits and adoption of this proposed rule would expand these significant benefits to other entities, including:

- 1) For receipt point operators: confirming only the point total and upstream supplier subtotals results in a reduced number of line items to confirm and provides better protection for commercially sensitive data regarding downstream market details.
- 2) For upstream suppliers: providing simultaneous and direct access to confirm their direct markets results in reduced dependence on receipt point operators, delivers quicker identification and reconciliation of confirmable service request, and supports clearer confirmation management.
- 3) For Service Requestors, LDCs and end-users: minimizing the number of line items the point operator confirms eliminates the risk of exposing commercially sensitive data of downstream market details by segregating market sensitive data.

In addition to the backing of the producer community, this proposed standard also received broad support from the NAESB BPS. During the January 17, 2017 BPS vote, the proposed standard received majority support and resulted in a recommendation for action. We understand there may be hesitation from pipelines who do not operate under this confirmation process, however the standard is written so that it is implemented "**if requested by a Point Operator at a receipt location.**" Since this confirmation process is tested and established, we believe it is very feasible for pipelines with Point Operators to implement and can be modeled based on the pipeline systems currently using the practice.

Given that this proposed standard will help meet the Commission's objective in Order 809, as well as enhance the confirmation process for multiple parties across interstate pipelines, NGSA fully supports the development of this standard at NAESB. For the reasons detailed above, we strongly urge the NAESB Executive Committee to approve the proposed standard for Point Operator and Producer level confirmations at its February 23, 2017 meeting.

Sincerely,

/s/ Casey Gold

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