
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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COMMISSION TEMPORARILY EASES NATURAL GAS CONSTRUCTION RULES TO SPEED RECOVERY FROM HURRICANES

The Federal Energy Regulatory Commission today temporarily waived certain requirements to expedite the construction of natural gas infrastructure and mitigate supply disruptions caused by Hurricanes Katrina and Rita.

FERC Chairman Joseph T. Kelliher said: "Hurricanes Katrina and Rita did severe damage to our energy infrastructure. Twenty percent of the U.S. natural gas supply comes from the offshore Gulf, and much of that production remains shut in because of infrastructure damage. That is contributing to high natural gas prices. Our action today will speed recovery from the hurricanes, and help bring additional gas supplies to market just when consumers need them the most."

To ease the way for natural gas companies to restore service and bring additional supplies of natural gas to market, the Commission today increased the cost caps for projects that may be constructed under the automatic authorization provisions of Part 157, Subpart F blanket certificate regulations from \$8 million to \$16 million, and under the prior notice provisions from \$22 million to \$50 million. The increased limits will apply to projects providing increased or alternative access to natural gas supplies. The regulations implement provisions of the Natural Gas Act.

In addition, the Commission is temporarily expanding the definition of "eligible facilities" that can be constructed under the blanket certificates. "Eligible facilities" will now include what the regulations currently exclude: mainline facilities; extensions of a mainline; facilities, including compression and looping, that alter the capacity of a main line; and temporary compression that raises the capacity of a main line. The cost limit waivers will apply to the newly eligible facilities, as long as the facilities will provide increased or alternative access to gas supply.

Currently, construction under the blanket certificate regulations is limited to facilities necessary to provide service within existing certificated levels.

These temporary waivers and the expanded eligibility standards will apply only to those projects constructed and placed in service by October 31, 2006.

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