

170 FERC ¶ 61,281  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;  
Richard Glick and Bernard L. McNamee.

Discovery Gas Transmission LLC

Docket No. RP20-564-000

ORDER ON TARIFF RECORDS

(Issued March 30, 2020)

1. On February 27, 2020, Discovery Gas Transmission LLC (Discovery) submitted tariff records<sup>1</sup> to revise its FT-2 Rate Schedule and make several housekeeping changes to its tariff. Discovery requests that the Commission approve the proposed tariff records effective April 1, 2020. We accept the tariff records effective April 1, 2020.

**I. Instant Filing**

2. Discovery proposes to revise its FT-2 Rate Schedule to further describe the documentation Discovery requires to establish “P50 Reserves” to support the quantity of a shipper’s committed production<sup>2</sup> and to provide an alternative method of supporting such quantity through the provision of a “P50 Production Profile.” Discovery states that

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<sup>1</sup> See Appendix.

<sup>2</sup> Discovery’s tariff, GT&C Section 1.1, defines Committed Production as:

“Shipper's working interest share of all Gas production from the blocks, lands, and leases described in Exhibit D of Shipper's Effective FT-2 Service Agreement, except for (i) Gas used for the operation or maintenance of Shipper’s production facilities directly associated with producing Gas from the blocks, lands, and leases described in Exhibit D of Shipper’s Effective FT-2 Service Agreement, and (ii) any Gas that is taken as royalty in kind by the Bureau of Ocean Energy Management (or successor governmental agency) or its designated agent.”

this alternative method has been requested by some shippers and will provide shippers with additional flexibility in supporting their committed production. Discovery states it will accept either P50 Reserves<sup>3</sup> or P50 Production Profiles<sup>4</sup> supporting the shippers' good faith estimate for their committed production.

3. To effectuate the addition of this alternative approach, Discovery also proposes to distinguish the calculation of a shipper's Maximum Daily Volumetric Quantity (MDVQ) for MDVQ-Mainline, MDVQ-Junction and MDVQ-Expansion when a shipper submits P50 Reserves as compared to the calculation when a shipper submits a P50 Production Profile. Discovery states this distinction is necessary because to calculate a Reserve Shipper's MDVQ-Mainline, MDVQ-Junction, and MDVQ-Expansion for a shipper using P50 Reserves requires that the total reserves be divided into yearly amounts, prorated and updated each year. Comparatively, a P50 Production Profile sets forth the projected production for each month which will be used to set a Profile Shipper's MDVQ-Mainline, MDVQ-Junction, and MDVQ-Expansion.

4. In addition, Discovery proposes several non-substantive changes to provide clarity and consistency throughout the tariff. Discovery states that these tariff revisions will have no impact on Discovery's existing rates or services.

## **II. Notice and Responsive Pleadings**

5. Public notice of Discovery's filing was issued on March 2, 2020. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.<sup>5</sup> Pursuant to Rule 214, all timely motions to intervene and any unopposed motions to

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<sup>3</sup> Discovery's proposed tariff, Rate Schedules Section 2.1.6, defines P50 Reserves as:

“the quantities of Proved Reserves plus Probable Reserves as defined in the Society of Petroleum Engineers/World Petroleum Council in effect as of the effective date of the Service Agreement.”

<sup>4</sup> Discovery's proposed tariff, Rate Schedules Section 2.1.6, defines P50 Production Profiles as:

“the projected daily Gas production based on the P50 Reserves for the period extending from first production through permanent cessation of production.”

<sup>5</sup> 18 C.F.R. § 154.210 (2019).

intervene filed out-of-time before the issuance date of this order are granted.<sup>6</sup> Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties.

6. On March 10, 2020, Chevron U.S.A. Inc. (Chevron) filed comments in response to Discovery's tariff proposal. Chevron states it is concerned with the phrase "as opposed to the peak Daily production quantity during that Month" in Discovery's proposed revision to section 2.1.6 of the FT-2 Rate Schedule. Chevron asserts that the meaning of the phrase is unclear and hard to determine and requests that Discovery delete the phrase. In addition, Chevron raises a concern as to whether any of Discovery's tariff revisions will result in a modification to historical practices under existing agreements. Chevron acknowledges that Discovery states that the non-substantive tariff changes "will have no impact on Discovery's existing rates or services." However, Chevron states it is unclear whether the substantive changes in the proposed tariff revisions will modify how Discovery and its existing shippers, including Chevron, will agree upon production profiles that establish shippers' maximum daily quantities under Discovery's tariff. Chevron states that Discovery should clarify and ensure that there will be no change to existing practices under long-standing agreements based on the proposed tariff changes.

### **III. Discussion**

7. Discovery's tariff changes are designed to provide additional flexibility to shippers in supporting their committed production. The Commission finds the proposed changes just and reasonable and accepts them to be effective April 1, 2020.

8. Chevron is concerned that the tariff changes may result in a modification to historical practices under existing agreements. In addition, Chevron states it is unclear whether the changes will modify how Discovery and its existing shippers will agree upon production profiles that establish a shipper's maximum daily quantities under Discovery's tariff.

9. Chevron's concerns lack merit. Discovery may propose tariff modifications requested by certain shippers, and such proposals may be just and reasonable even if they result in changes to historical practices, provided they do not inhibit Discovery's ability to meet all its contractual obligations. With respect to Discovery's non-substantive tariff changes, Chevron acknowledges that Discovery states that these tariff changes "will have no impact on Discovery's existing rates or services." We have reviewed Discovery's proposed changes and do not believe they will have any impact on Discovery's existing rates or services. Thus, we find no clarification is required on this point.

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<sup>6</sup> 18 C.F.R. § 385.214 (2019).

10. Chevron also states that the following sentence in section 2.1.6 is unclear and suggests it should be deleted: “The projected daily Gas production quantities reflected in the P50 Production Profile for each Month shall be the average projected Daily production quantity for that Month as opposed to the peak Daily production quantity during that Month.” We disagree. Discovery is making the distinction between calculations based on an average daily quantity as opposed to a peak daily quantity during a given month. We find that no changes are required to the proposed provision.

The Commission orders:

The tariff changes in the Appendix are accepted, effective April 1, 2020.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

**Appendix**

Discovery Gas Transmission LLC  
FERC NGA Gas Tariff  
First Revised Volume No. 1

*Tariff records accepted, effective April 1, 2020*

[Title Page, First Revised Volume No. 1, 1.0.0](#)

[Section 1, FT-1 Rate Schedule, 3.0.0](#)

[Section 2, FT-2 Rate Schedule, 3.0.0](#)

[Section 3, IT Rate Schedule, 3.0.0](#)

[Section 1.1, Form of Service Agreement: FT-1 Rate Schedule; Exhibits, 3.0.0](#)

[Section 2.1, Form of Service Agreement: FT-2 Rate Schedule; Exhibits, 3.0.0](#)

[Section 3.1, Form of Service Agreement: IT Rate Schedule; Exhibits, 3.0.0](#)