



## **NEWS**

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### **NGSA Will File Rehearing Notice**

#### **On Natural Gas Final Rule**

#### **Asking FERC to Reconsider Issues**

(February 16, 2000) The Natural Gas Supply Association announced today that it plans to file a request for rehearing on the final natural gas rule issued last week. "After we had the chance to read and digest the rule, we decided it merited asking the Federal Energy Regulatory Commission (FERC) to reconsider certain issues," said Richard J. Sharples, President of Anadarko Energy Services and Chairman of NGSA.

In what FERC labeled as the most far reaching natural gas rule since unbundling of the natural gas industry in 1992, the final short-term transportation rule has major implications for the natural gas market and for customers of natural gas pipelines (Order No. 637, Regulation of Short Term Transportation Services, and Regulation of Interstate Natural Gas Transportation Services, Docket Numbers RM98-10-000 & RM98-12-000).

"Creating efficiencies in the natural gas transportation market benefits the entire natural gas industry and, therefore, its customers. " Sharples continued, "While this rule successfully creates efficiencies in certain areas, it falls short in others.

"Two areas where we applaud FERC are: (1) better reporting requirements for pipeline transactions and (2) not allowing pipelines 'negotiated terms and conditions.' On the first, disclosing information on the market provides more transparency and reduces the potential for market power abuse. On negotiated terms and conditions, FERC is acknowledging that the risk of discrimination outweighs any flexibility that may be added through negotiated pipeline services, and how that flexibility still can be provided in the context of current Commission regulations."

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Sharples continued, "On the other hand, rate refreshment is more crucial than ever given that the rule allows for seasonal rates. Seasonal rates allow for pipelines to adjust their rates according to seasonal demands. Rate review ensures that through time and as circumstances change, rates do not get too far from their cost-based roots. We will continue to press this issue with the Commission, especially given this latest ruling."

NGSA will file its rehearing notice 30 days from the release date of the final rule, March 9, 2000, as called for by the rule. In the meantime, it will be analyzing the rule and finalizing its position with its members on the substance of the rehearing notice.

*NGSA represents integrated and independent companies that produce and market the majority of the natural gas produced in the United States. NGSA is actively involved in pursuing regulatory and legislative issues that affect the association's members. Established in 1965, NGSA encourages expanded use of natural gas and supports regulatory and legislative actions that foster competitive markets.*

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