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For Immediate Release: February 7, 2005

[www.NGSA.org](http://www.NGSA.org) and [www.NaturalGas.org](http://www.NaturalGas.org)

## **NGSA Recommends Enhancements to EIA's Natural Gas Storage Data Protocols**

(Washington)... A recent error in natural gas inventory reporting that may have cost some customers as much as \$1 billion would be much less likely with some additional distribution enhancements and safeguards, according to a filing today by the Natural Gas Supply Association (NGSA).

"In a high-tech world, there is a certain expectation for accurate market information, as this data influences market decisions for consumers," said Peri Ulrey, NGSA's senior analyst. "In addition, we need a revision policy that is more timely and efficient, so information on corrected storage data can be disseminated before an erroneous report has significant market impact."

While NGSA believes that the Energy Information Administration's (EIA) weekly reporting system on underground storage level volume estimates has worked reasonably well since its inception in mid-2002, the association offered several improvements to the report and revision policy in its comments to EIA.

The producer group, underscoring that EIA's primary focus should be ensuring the certainty and accuracy of the data that it collects through various checks and balances, urged EIA to scrutinize and improve data accuracy in order to ensure the highest degree of credibility, timeliness and accuracy.

First, the association said that EIA's proposed 15 billion cubic feet (Bcf) error threshold for an unscheduled revision announcement is too high. According to NGSA, "a threshold of 10 Bcf from the original number would be a more appropriate level to trigger an unscheduled revision to the weekly natural gas storage report."

"The most efficient approach for the EIA to notify the public of storage data corrections equal to or greater than 10 Bcf would be to provide a pre-notification

notice of a revision at 10:30 Eastern Time (ET) with publication of the revised volumes at 12:30 ET on the first full trading day,” Ulrey said. This approach would provide market participants equal access during NYMEX hours, provide timely feedback and avoid short trading days, she said.

In addition, “storage data reports – both the regularly scheduled weekly natural gas storage report and the revision releases that fall on NYMEX monthly settlement dates – should be delayed by one trading day to minimize the unintended consequences of volatility caused by the announcements,” according to NGSAs comments. Similarly, storage data announcements that fall on a day prior to a federal government holiday should also be delayed to the next full trading day, as the two largest revisions since the EIA began the issuance of the storage reports occurred one day prior to a federal holiday.

Had these proposed protocols been in place last year, Ulrey said, EIA could probably have avoided an incident like the one that occurred Nov. 24, when an erroneous storage withdrawal announcement created additional volatility in the natural gas futures market, as the storage announcement coincided with the December futures contract expiration date and the day prior to a federal holiday. Federal Energy Regulatory Commission (FERC) staff has estimated that the Nov. 24 error cost customers somewhere between \$200 million and \$1 billion.

Finally, because EIA itself has no investigatory powers, NGSAs encouraged EIA to work with and use FERC as its investigative arm for data revisions submitted by storage reporters, to monitor for potential market manipulation.

“NGSAs appreciates the EIA’s efforts to improve the timeliness of the dissemination of future storage data revisions. We are also encouraged that the EIA is taking a number of steps within its organization to assure the quality of the weekly storage data since the November 2004 announcement,” Ulrey said.

NGSA 04-05

**(Editor’s Note: For a copy of the association’s complete filing, please contact Melissa Marion at [mmarion@ngsa.org](mailto:mmarion@ngsa.org) or (202) 326-9300).**

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