



NEWS

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Potential for Market Power Abuse Must Be Considered Before Deregulating Any Offshore Gathering, NGSA Says

(Washington)... Federal offshore gathering policies that do not assure existing regulatory protection to captive natural gas producers could increase investment risk, thereby discouraging much-needed additional supply, according to a filing today by the Natural Gas Supply Association (NGSA).

“At a time when all producers, large and small, are actively searching for every means to increase the supply of clean-burning natural gas in this country, it is critical that the commission’s offshore policies do not unintentionally add another impediment to natural gas development,” said Patricia Jagtiani, NGSA’s vice president of regulatory affairs.

According to NGSA comments filed with the Federal Energy Regulatory Commission (FERC), producers have made significant investments in the Outer-Continental Shelf (OCS) and some of those investments were based on the assumption that they could continue to rely upon historically federally regulated pipelines to get their gas to market. However, if federally regulated facilities are deregulated without consideration of the public interest, monopoly market power is simply transferred to unregulated entities.

Because FERC’s test for determining whether offshore facilities should be reclassified as unregulated gathering does not now consider the public interest, the certainty relied upon through the existing regulatory structure may no longer exist, the producer group said. This lack of certainty created by the commission’s policy can undermine these investment decisions, and could create disincentives for future investments.

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More than three years ago, in an attempt to help FERC form an acceptable test for making offshore jurisdictional determinations, NGSAs recommended several options for FERC to consider. In its filing today, NGSAs once again urged FERC to explore any one or combinations of those previously-named options, which NGSAs believes would “dramatically improve the level of protection provided to pipeline customers that have historically relied upon these FERC-regulated facilities.”

(Editor’s Note: For a full copy of our comments, please visit our Website at http://www.ngsa.org/filings_testimony/docs/NGSA_COMMENTS_PL05_10.pdf).

NGSAs 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.