



FOR IMMEDIATE RELEASE

November 14, 2007

CONTACT:

Bill Massey, Covington & Burling LLP (202) 662-5322

Bob Fleishman, Covington & Burling LLP (202) 662-5523

ENERGY COALITION RECOMMENDS IMPROVEMENTS TO FERC'S ENFORCEMENT PROGRAM

Market Participants Share FERC's Goals, But Need Better "Road Map" For Compliance

WASHINGTON, D.C.—A diverse coalition of energy trade associations today released a *White Paper on Implementation of the Federal Energy Regulatory Commission's (FERC) Enforcement Authority*, which expresses support for the spirit of FERC's enforcement actions, but calls on FERC for greater clarity in its policies, rules, and processes. The white paper offers a constructive analysis to support the Commission's use of its enforcement authority to foster a culture of compliance by market participants.

The energy trade coalition releasing the white paper represents both the electric and gas industries and is comprised of the American Gas Association (AGA), Edison Electric Institute (EEI), Electric Power Supply Association (EPSA), Independent Petroleum Association of America (IPAA), Interstate Natural Gas Association of America (INGAA), Natural Gas Supply Association (NGSA), and the Process Gas Consumers Group (PGC).

"Energy market participants want to comply with the law and the Commission's regulations for a good reason—it is the right way to operate," said former FERC Commissioner Bill Massey, who is representing the energy coalition. Massey said, "In addition, they value their commercial reputations, want to maintain competitive market environments, seek to provide innovative and market-responsive services, strongly support industry reliability and understand the costs of non-compliance."

While the energy coalition expressed its support for compliance in energy markets, the coalition also requested greater clarity. As noted in the white paper, certain FERC regulations and aspects of its enforcement policies and actions need to be clearer.

Massey said, "Market participants who desire to take the steps necessary to achieve full compliance need assistance from the Commission to develop a better compliance 'road map.'" He said, "FERC and market participants have the same goals—to support the development of necessary energy infrastructure, ensure a reliable energy supply, promote competitive markets, and protect consumers—and market participants urge FERC to take further steps to promote and facilitate compliance with the energy laws and regulations it administers."

The coalition provided a number of recommended steps that FERC can take immediately to promote compliance by market participants, which are discussed in detail in the white paper. Highlights of the recommendations include:

- Clarifying, simplifying, and codifying certain Commission policies and rules to reduce regulatory uncertainty
- Measuring the success of the Commission's enforcement program not by the number and amount of penalties, but by the degree to which the clarity of its rules and transparency of its policies facilitate compliance
- Providing timely responses to informal and formal requests for assistance in interpreting regulations

Bill Massey and Bob Fleishman of Covington & Burling LLP prepared this white paper on behalf of the seven electricity and natural gas industry trade associations.

###

The American Gas Association (AGA), founded in 1918, represents 200 local energy utility companies that deliver natural gas to more than 69 million homes, business and industries throughout the United States. AGA members deliver 92 percent of all natural gas provided by the nation's natural gas utilities. Natural Gas meets almost one-fourth of the United States' energy needs.

The Edison Electric Institute (EEI) is the association of U.S. shareholder-owned electric companies. EEI members serve 95 percent of the ultimate customers in the shareholder-owned segment of the industry and represent approximately 70 percent of the U.S. electric power industry.

The Electric Power Supply Association (EPSA) is the national trade association representing competitive power suppliers, including generators and marketers. These suppliers, who account for nearly 40 percent of the installed capacity in the United States, provide reliable and competitively priced electricity from environmentally responsible facilities serving global power markets. EPSA seek to bring the benefits of competition to all power customers.

The Independent Petroleum Association of America (IPAA) represents the companies that drill 90 percent of the nation's oil and natural gas wells. These companies produce 92 percent of American natural gas and 68 percent of American oil.

The Interstate Natural Gas Association of American (INGAA) speaks for North American companies that own and operate interstate and interprovincial natural gas pipeline companies.

The Natural Gas Supply Association (NGSA) represents integrated and independent companies that produce and market domestic natural gas. Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy, and promotes the benefits of competitive markets to ensure reliable and efficient transportation and delivery of natural gas and to increase the supply of natural gas to U.S. customers.

The Process Gas Consumers Group (PGC) is a national association of industrial gas consumers that require natural gas in many of their key operations. Through representation before legislative bodies, governmental agencies, courts and the general public, PGC works to promote coordinated, rational, and consistent federal and state policies relating to natural gas and its transportation.

-end-