



NEWS

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NGSA.org and NaturalGas.org

NGSA Asks FERC for Clarification on Annual Transaction Reporting Procedures

(Washington, DC) The National Gas Supply Association (NGSA) today submitted a fifteen page request to the Federal Energy Regulatory Commission (FERC) asking for clarification -- or in the alternative, a rehearing -- regarding a proposed new rule involving annual transaction reports of natural gas.

By capturing the yearly volume information underlying wholesale market transactions, the new rule is intended to ensure transparency of the natural gas market.

"We fully support transparency because that ensures a level playing field. But the final rule does need some modifications. For instance, we are concerned that some of the language in the rule will limit liquidity, encumber interstate commerce and possibly cause operational problems resulting in economic inefficiencies in the market. That would not be good for American consumers," said Jenny Fordham, NGSA's director of energy markets and government affairs.

In its request to the federal agency, NGSA noted that FERC's ruling would require sellers to report how much natural gas was purchased on the wholesale market during the year. The association asked FERC to clarify that companies will be held harmless if their reports include transactions that may be to an end-user.

"This is our biggest concern because a seller doesn't always know what a buyer will do with the product. For example, the buyer may find the gas purchased isn't needed because the weather changed or other circumstances occurred, and they may resell it. Our approach would avoid placing an unmanageable and unattainable compliance burden on wholesale sellers of natural gas, and help provide FERC with more accurate data," Fordham said.

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The filing also noted problems with FERC's proposed requirement that market participants report transactions at "reportable locations" rather than "all trading locations." Fordham noted that reporting systems are already in place which use the "all trading location" concept and are used by private companies which report on the natural gas industry.

"We suggest following the same good faith reporting practices established by FERC and now being used in the marketplace. That would significantly lessen the compliance burden of the annual transaction report (ATR) and would likely facilitate increased price reporting among market participants," Fordham said.

In its filing, NGSA also expressed concern that the new rule requires that Alaskan wholesale natural gas market sales and purchases be included in the ATR.

"Until an interstate pipeline connects the Alaskan natural gas market with the lower-48 states, Alaskan data should be excluded," Fordham said. "Doing so will lessen the burden on those doing business in Alaska and possibly allow those working there to focus on the challenges associated with building a pipeline to supply the lower-48 states."

"We're hopeful that FERC will give serious consideration to the issues we've brought to the table," Fordham said. "Doing so will ensure the completeness of the information FERC is collecting."

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NGSA represents integrated and independent companies that produce and market natural gas 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.

(A copy of the association's complete filing will be available soon at www.ngsa.org.)