



NEWS

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NGSA.org or NaturalGas.org

Natural Gas Supply Association Asks FERC for Cost Effective Changes to Proposed Rule

(Washington, DC) Today the Natural Gas Supply Association (NGSA) offered several recommendations to the Federal Energy Regulatory Commission (FERC) which would streamline data collection, address concerns regarding data quality and offer protections for proprietary information.

The association presented its ideas in a filing regarding FERC's proposed rule on pipeline posting requirements. The federal government's new regulation is intended to increase the transparency of the wholesale natural gas market.

Under the federal proposal, both interstate and some major non-interstate pipelines would be required to post capacity, as well as daily scheduled flow information and daily actual flow information.

"While we are generally supportive of this idea, the reality is that the natural gas commodity market is robust and functioning well. Adding information regarding underlying supply and demand fundamentals to the market can be useful, but we simply believe there is a more practical and efficient way to get that data," said Jenny Fordham, NGSA's director of energy markets and government affairs.

The association made recommendations to streamline the requirements for both interstate and non-interstate pipelines. For non-interstate pipelines, NGSA recommended that the flow requirement, as now proposed, be limited to the non-interstate pipelines that serve the 13 major hubs FERC identified in its proposed rule.

"That change would be a cost effective way for everyone to understand the flow from non-interstate to the interstate market," Fordham said. "If that approach

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doesn't provide enough information, NGSA recommends that the flow posting requirement be applied to non-interstate pipelines which flow at 50 Bcf per year annually. That would capture 90 percent of the intrastate pipeline volume and apply to only 57 pipelines."

The commission has proposed a 10 million Btu threshold for reporting, which suppliers feel is too low for the costs involved. "That last 10 percent is a volume amount equal to only about six percent of total annual natural gas consumption," Fordham said.

The NGSA director said it makes little sense to require flow posting for interstate and non-interstate pipelines in Alaska until the Alaskan natural gas market is interconnected with the Lower 48 states. "We think this is a commonsense recommendation that will allow the Alaskan market to move forward without unneeded financial burdens which will provide little, if any, benefit to market transparency," Fordham said.

In its submitted comments, NGSA cautioned FERC to be careful about mandating that commercially sensitive information be made public. "We have asked FERC to provide a mechanism for those who feel they need an exemption to protect proprietary data. Such an exemption procedure is consistent with current federal law that requires FERC to protect the integrity of the market," Fordham said.

NGSA's full comments are available online at: <http://www.ngsa.org>.

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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. consumers.