



Price Reporting

NGSA strongly supports a voluntary and competitive approach to natural gas price reporting and discovery. Furthermore, NGSA believes that, based on the public record established since the issuance of FERC's policy statement on price reporting in wholesale natural gas markets in July 2003, there is sufficient evidence to support a commission policy of continued monitoring of the price reporting and transparency needs of the natural gas marketplace.

The Federal Energy Regulatory Commission's (FERC) 2004 price-reporting survey clearly demonstrates that there is significant and growing market confidence in the ongoing progress of the existing published price indices. The most compelling evidence from this survey is that more than 90 percent of the respondents – including all of the responding producers and industrial customers – use the indices in their physical transactions. FERC staff concluded that “the quality of reporting to price index developers has improved significantly over the past year” and that “index developers have taken significant steps to conform the standards of the policy statement.”

Voluntary price reporting for natural gas transactions has clearly enhanced market transparency and confidence, and will continue to do so as further upgrades evolve and work their way into the process for wholesale natural gas transactions, encouraging some enhancements to improve overall transparency.

FERC should continue to closely monitor the transparency of the market and evaluate future progress based on a volume-weighted analyses, with somewhat less significance placed on mere numbers of individual transactions. Finally, in order to enhance overall market transparency, the commission should continue to encourage utilities and other small users to begin reporting, or expand their existing reporting, to the index publishers.