

NEWS

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FERC Proposal on Price Formation in Regional Power Markets Is Positive Step in Right Direction, Say Natural Gas Suppliers

(Washington, D.C.) – In comments filed today at the Federal Energy Regulatory Commission (FERC), the Natural Gas Supply Association (NGSA) strongly supported the Commission’s proposal to align dispatch and settlement intervals and to remove current restrictions on when shortage pricing is invoked in each regional power market.

Patricia Jagtiani, Executive Vice President of NGSA said, “We’re pleased by FERC’s willingness to tackle this issue and encourage the Commission to move forward expeditiously.”

NGSA wrote that there are shortcomings in current energy price formation that mask the true market price of energy. “Over time,” said NGSA, “regional energy markets have developed a number of structural components that mask accurate price signals to market participants. As a result of these price formation issues, power markets have experienced substantial out-of-market uplift payments, low levels of generator investment in greater performance, and a loss of confidence in system reliability. “

NGSA said, “Price reforms, such as those proposed in this NOPR, can enhance the ability of generators to make advance arrangements to procure fuel and to bolster fuel assurance in the regional markets they serve.”

NGSA said real-time markets should be settled coincident with dispatch intervals to improve transparency and reliability, and generators should be compensated for maintaining reliability during shortage events. “The proposals in the NOPR are a positive first step toward increasing market transparency and providing accurate market price signals, thereby providing greater market incentives for generators to reliably perform and inducing investment,” said NGSA.

NGSA’s filing can be found [here](#).

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NGSA represents integrated and independent companies that supply 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, thus encouraging increased supply and the reliable, efficient delivery of natural gas to U.S. customers. For more information, please visit www.ngsa.org