



NEWS

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Natural Gas Suppliers Warn of Consequences of State Subsidies *Subsidizing uneconomic generation harms markets, consumers*

(Washington, D.C.) – In comments filed today at the Federal Energy Regulatory Commission (FERC), the Natural Gas Supply Association (NGSA) implored the Commission to defend against state subsidies that interfere with wholesale organized markets because they undermine competitive markets, distort fuel choices and discourage future investment.

Pat Jagtiani, Executive Vice President, NGSA said, “Modifying wholesale power markets to support state subsidies sets a chain of events in motion that distorts market signals, erodes cost-savings and risks the ability of generators to finance new pipeline capacity and contract for existing firm capacity.”

In its comments, NGSA wrote that “State subsidies that support otherwise uneconomic generation not only undermine the fundamental basis on which the wholesale markets were established, they undermine the Commission’s efforts to continue to improve transparency and price signals in energy and capacity markets.”

NGSA called on FERC to defend its competitive policies that lie at the heart of competitive regional organized markets, writing that “While states have the right to take actions that help them achieve their public policy objectives, those choices should not impact interstate wholesale market prices. If state actions that interfere with the wholesale market are unabated, the capacity and energy markets will no longer function as needed.”

NGSA said, “While state subsidies are intended to preserve existing generation, in the long run, interfering with the operation of the competitive market will actually result in less, not more, generation.”

The complete NGSA filing can be found at [this link](#).

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The Natural Gas Supply Association (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 and efficient delivery of natural gas to U.S. customers. For more information, please visit www.ngsa.org and www.naturalgas.org.

Markets Matter.