

NEWS

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NGSA Reaffirms Confidence in Market Indices and Voluntary Price Reporting, Calls for More Meaningful ‘Safe Harbor’

(Washington, D.C.) – Speaking on behalf of the Natural Gas Supply Association (NGSA), NGSA Board member Paul Greenwood, Vice President of Americas and New Markets, ExxonMobil Gas & Power Marketing Company, is expected to reaffirm NGSA’s confidence in market indices and voluntary price reporting at the Federal Energy Regulatory Commission’s technical workshop on market transparency today, while calling on FERC to make its ‘safe harbor’ more meaningful.

NGSA, whose members make millions of trades and transactions in the U.S. natural gas market, believes that:

The indices are one of many tools that facilitate informed decision making in the U.S. natural gas market and contribute to its exceptional transparency. In addition to the published indices, market participants have access to near real-time data regarding supply and demand fundamentals, flow capacity and constraints. NGSA member companies invest billions of dollars annually in the market based on their confidence that the market is sound.

NGSA firmly believes that price reporting should remain a voluntary process. If the voluntary approach were to be fundamentally removed or altered, there would be a significant risk of undermining the currently well-functioning and reliable market-pricing mechanism. Mandating that companies report their fixed price transactions could drive some entities to avoid that type of transaction, which could have the perverse effect of negatively impacting the normal functioning of the market.

FERC audits lasting more than a year over inadvertent, clerical errors that represent less than 1 percent of the reported data are onerous and lengthy. FERC audit processes should be made more efficient and the safe harbor mechanism should be made more meaningful to avoid the perception of many reporting entities that they could be unduly punished for innocent, clerical errors. A well-structured and genuine safe harbor and a more focused audit process would go a long way toward encouraging more market participants to report fixed-price trades and toward retaining those market participants that currently report.

The process for price reporting should be simple and transparent and the process for verifying price reporters’ compliance with the good faith guidelines should be equally simple.

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The Natural Gas Supply Association (NGSA) represents integrated and independent companies that supply natural gas. For more information, please visit www.ngsa.org and www.naturalgas.org.

Markets Matter: Representing America’s Major Producers and Suppliers of Natural Gas Since 1965