

NEWS

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FERC Shares Concerns on “Junk and Jewel” Practice

(Washington, D.C.) – The Natural Gas Supply Association (NGSA) is pleased that the Federal Energy Regulatory Commission (FERC) has recognized the legitimacy of the issues we raised regarding the pipeline practice of packaging high-value capacity with low value capacity (“junk and jewel”) for purposes of auctioning capacity. Although we are disappointed FERC declined to ban this practice in a generic proceeding, FERC made it clear that the issue lies with the avenue the shipper coalition used to seek relief. In fact, rather than affirming this practice, FERC raised serious concerns with it. As we have long argued and as FERC acknowledged, this “junk and jewel” approach to capacity auction may result in unjust and unreasonable rates and may be an unreasonable exercise of a pipeline’s market power.

Casey Hollers, NGSA Senior Director of Regulatory Affairs and Policy, said:

“FERC’s order puts the pipelines on notice that FERC is not done with this issue. We are evaluating next steps, pursuant to the Commission’s guidance, so that our concerns can be better addressed in individual cases such as complaints. Regardless of the forum, we look forward to continuing to work with other shippers and the Commission to address this issue.”

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The Natural Gas Supply Association (NGSA) represents integrated and independent companies that supply natural gas. Founded in 1965, NGSA is the only national trade association that solely focuses on producer-marketer issues related to the downstream natural gas industry. NGSA advocates for well-functioning markets that foster a growing, competitive market for natural gas. NGSA is dedicated to achieving a cleaner future through strong partnerships with renewables and supporting innovative technologies and market solutions that reduce emissions. For more information, please visit www.ngsa.org.

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