FEDERAL ENERGY REGULATORY COMMISSION

NEWS

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FERC Posting Rule, Inquiry Seek Market Transparency for Natural Gas Pipelines

The Federal Energy Regulatory Commission (FERC) today issued a final rule requiring the posting of important market information that will improve price transparency in the interstate natural gas markets by providing information about the supply and demand fundamentals that underlie those markets.

Also today, FERC issued a Notice of Inquiry (NOI) seeking comment on whether to require certain intrastate pipelines to post details of their transactions with individual shippers in a manner comparable to the reporting requirements for interstate pipelines.

"Through these latest initiatives, FERC continues to make progress towards greater transparency and improved competition in wholesale natural gas markets," FERC Chairman Joseph T. Kelliher said. "As interstate and intrastate pipelines operate seamlessly, often within the same markets, the posting requirements have become necessary because interstate postings alone cannot determine market fundamentals."

The final rule (RM08-2-000) establishes new posting requirements under section 23 of the Natural Gas Act (NGA). It requires interstate and certain major non-interstate pipelines to post on their publicly accessible websites daily operational information, such as scheduled volume information and design capacity for certain receipt and delivery points.

A major non-interstate pipeline is a pipeline that is not classified as a natural gas company under the NGA and delivers on average more than 50 million MMBtu (British thermal units) of gas annually over a three-year period. These pipelines are now subject to the transparency regulations under NGA section 23, which asserts FERC jurisdiction over any market participant for the purposes of enhancing market transparency.

The rule would require these non-interstate pipelines to post daily specific scheduled flow information at each receipt or delivery point with a design capacity of 15,000 MMBtu per day or more.

Certain non-interstate pipelines are exempt from the rule: pipelines that either are located entirely upstream of a processing or treatment plant, deliver more than 95 percent of their gas directly to retail end-users as measured by average deliveries over the previous three years, or are storage providers.

The rule also will require interstate natural gas pipelines to post information regarding the provision of no-notice service, as provided by FERC regulations.

Interstate pipelines have 60 days from publication in the *Federal Register* to comply with the rule. Major non-interstate pipelines will have more time: 150 days from publication in the *Federal Register*. That will allow them to make necessary adjustments without affecting service during the current heating season.

Notice of Inquiry (RM09-2-000)

Today's NOI will explore whether changes are needed to regulations requiring daily posting of transactions of pipelines operating under section 311 of the Natural Gas Policy Act (NGPA) and Hinshaw pipelines, which generally are intrastate pipelines that provide interstate services.

The inquiry stems from a request filed by SG Resources Mississippi, L.L.C. (SGRM), an interstate storage provider with market-based rates (RP08-606-000).

SGRM sought a waiver of section 284.13(b) of FERC's regulations, which requires interstate pipelines to post the rates charged in firm and interruptible transactions no later than the first nomination for service. The company also requested a similar waiver on behalf of all interstate storage providers with market-based rates. It argued the mandatory disclosure of commercially sensitive pricing information provides prospective customers and competitors, especially those intrastate pipelines providing service under NGPA section 311 with an unfair competitive advantage.

As an alternative, SGRM asked FERC to initiate a proposed rulemaking proceeding to determine if FERC's regulations should be modified to exempt storage providers authorized to charge market-based rates from the relevant portions of the internet posting regulations.

FERC denied both SGRM requests. "[T]he fact that some interstate storage companies have been authorized to charge market-based rates does not justify exempting them from the requirements in section 284.13(b) that they post the rates charged in each storage transaction," FERC said.

FERC further explained that Order No. 637 adopted the posting requirements to enable the Commission and shippers to monitor market-based and cost-based transactions for undue discrimination and preference and to promote competition through price transparency.

FERC is seeking public comment on several questions as it considers whether the disparate reporting requirements for interstate and NGPA section 311 and Hinshaw pipelines have an adverse competitive effect on the interstate pipelines. If that is the case, FERC wants to know whether it should modify the posting requirements for section 311 intrastate pipelines and Hinshaw pipelines to make them comparable to the posting requirements required for interstate pipelines under section 284.13(b).

Comments as well as other information on issues may be submitted to FERC within 60 days of publication of the NOI in the *Federal Register*. All comments must reference Docket No. RM09-2-000 and may be submitted by postal mail to FERC, Office of the Secretary, Washington, DC 20426, or filed electronically via the eFiling link on the FERC website at http://www.ferc.gov.

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