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FERC Launches Inquiry to Improve Natural Gas Market Price Transparency

The Federal Energy Regulatory Commission (FERC) today launched an effort to improve price transparency in the wholesale natural gas market with a Notice of Inquiry on whether to require quarterly reporting of FERC-jurisdictional next-day and next-month transactions under the Natural Gas Act. Also today, FERC issued a final rule changing procedures for filing quarterly reports by the electric power industry.

Today's Notice of Inquiry for the natural gas industry is based on Section 23 of the Natural Gas Act, which Congress in the Energy Policy Act of 2005 used to direct FERC to "facilitate price transparency." Though FERC took action shortly after EAct to improve price transparency, it now has identified additional areas of the natural gas market where increased transparency may be helpful for market participants to better understand the market activities that produce the prices that are reported to indices and to assist the Commission in detecting, and ultimately deterring, market manipulation.

Much of the information available to the Commission and natural gas market participants is aggregated and therefore does not provide full market visibility or price transparency, FERC said. Market participants lack a complete understanding of the actions that produce the prices that are reported to various indices. Increased confidence in these indices requires greater transparency to assure prices are a result of fundamental supply and demand, and not the result of manipulation or other abusive market conduct.

FERC is asking a series of questions on how best to enhance transparency and surveillance of gas markets, covering issues such as the scope and types of transactional information that should be part of these reports, what types of possible public dissemination of information would be appropriate and what would be the burden on market participants to provide the information. Comments are due 60 days from publication of the notice the *Federal Register*.

Today's final rule on electricity quarterly reports (EQR) amends FERC regulations to change the process for filing them due to technology changes that will render the current filing process outmoded, ineffective and unsustainable. In the final rule, FERC says it will discontinue the use of Commission-distributed software and instead adopt a web-based approach that will allow utilities to choose between two alternatives for filing their reports based on their technical preferences.

For more information, go to www.ferc.gov. FERC is making available a separate RSS feed for EQR, and #EQR on Twitter, so that market participants can have a place for discussion of these changes.

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