



FEDERAL ENERGY REGULATORY COMMISSION

June 19, 2008

Docket No. RM08-1-000

Item No. G-4

Chairman Joseph T. Kelliher

**Statement of
Chairman Joseph T. Kelliher
on
Promotion of a More Efficient Capacity Release Market**

"Today, the Federal Energy Regulatory Commission considers a final rule designed to enhance competition in secondary natural gas capacity release markets. We accomplish this primarily by removing price caps on short term capacity releases and increasing flexibility for capacity releases related to asset management agreements. The net effect of the final rule should be more efficient use of natural gas pipeline capacity by shippers.

This final rule makes important reforms and reflects changes that have occurred in the gas marketplace in recent years, particularly the increased use of asset management agreements. This rule is the latest in a series of gas market reforms that we have made, along with changes to blanket certificate rules, gas storage pricing reform, gas market transparency initiatives, gas quality standards, and proxy group composition reform.

This order offers gas consumers important benefits. The final rule gives shippers more options on how they obtain gas supplies and improves access to the interstate natural gas pipeline system. The final rule also facilitates and accommodates the use of asset management agreements under which a capacity holder releases some or all of its pipeline capacity to an asset manager who agrees either to purchase from or supply the natural gas needs of the capacity holder.

Asset management agreements are a relatively new development in gas markets. They allow parties to manage gas supply and delivery arrangements, including transportation and storage capacity, for capacity holders. The final rule allows for more efficient management of capacity for the benefit of the capacity holder."