

DEPARTMENT OF ENERGY**Energy Information Administration****Policy Statement—New Energy Information Administration Policy for the Unscheduled Release of Revisions to the Weekly Natural Gas Storage Report**

AGENCY: Energy Information Administration (EIA), Department of Energy (DOE).

ACTION: Policy statement; new Energy Information Administration policy for the unscheduled release of revisions to the *Weekly Natural Gas Storage Report*.

SUMMARY: The EIA has a new policy regarding the unscheduled release of revisions to weekly estimates of working gas volumes held in underground storage facilities at the national and regional levels disseminated in EIA's *Weekly Natural Gas Storage Report* (WNGSR). Under the new policy, the unscheduled release of revisions shall be disseminated in a special release of the WNGSR when the effect of reported changes is at least 10 billion cubic feet (Bcf) at either a regional or national level. The unscheduled release of revisions shall be disseminated on a Federal workday between 2 and 2:10 p.m. (Eastern Time) following public notification between 1 and 1:10 p.m. of the same day. Public notification will include, at a minimum, the following: A notice on EIA's Web site, e-mails to selected media, and a general e-mail notice sent to users of WNGSR data who have signed onto a free service available on EIA's Web site. The unscheduled release of revisions for this policy does not include revised estimates resulting from changes in the survey methodology or estimation parameters, which are scheduled and announced in advance; or revised estimates resulting from reclassifications of natural gas between working gas and base gas by natural gas storage companies, which are incorporated into the estimates during the next regularly scheduled WNGSR release.

DATES: This policy becomes effective with the WNGSR released on May 19, 2005, containing data as of May 13, 2005.

ADDRESSES: Requests for additional information or questions about this policy should be directed to William Trapmann. Mr. Trapmann may be contacted by telephone (202-586-6408), FAX (202-586-4220), or e-mail (William.Trapmann@eia.doe.gov). These methods are recommended to expedite contact. His mailing address is Energy Information Administration, EI-

44, Forrestal Building, U.S. Department of Energy, Washington, DC 20585.

FOR FURTHER INFORMATION CONTACT: The WNGSR is available on EIA's Internet site at <http://tonto.eia.doe.gov/oog/info/ngs/ngs.html>. The survey Form EIA-912 and instructions used to collect information for the WNGSR are available at http://www.eia.doe.gov/oil_gas/natural_gas/survey_forms/nat_survey_forms.html. The WNGSR release schedule is available at <http://tonto.eia.doe.gov/oog/info/ngs/schedule.html>.

SUPPLEMENTARY INFORMATION:

- I. Background
- II. Discussion of Comments
- III. Current Actions

I. Background

The Federal Energy Administration Act of 1974 (Pub. L. 93-275, 15 U.S.C. 761 *et seq.*) and the DOE Organization Act (Pub. L. 95-91, 42 U.S.C. 7101 *et seq.*) require the EIA to carry out a centralized, comprehensive, and unified energy information program. This program collects, evaluates, assembles, analyzes, and disseminates information on energy resource reserves, production, demand, technology, and related economic and statistical information. This information is used to assess the adequacy of energy resources to meet near and longer term domestic demands.

The *Weekly Natural Gas Storage Report* (WNGSR) has been issued by EIA since May 9, 2002, providing weekly estimates of working gas volumes held in underground storage facilities at the national and regional levels. WNGSR users include policymakers, commodity market analysts, and industry experts. EIA uses the data to prepare analytical products assessing storage operations and the impact on supplies available, and to analyze relationships between demand, heating-degree-days, and inventory levels.

The WNGSR is based on information collected on Form EIA-912, "Weekly Underground Natural Gas Storage Report." Form EIA-912 respondents provide estimates for working gas in storage as of 9 a.m. Friday each week. The deadline for submitting reports to the EIA is 5 p.m. (Eastern Time) the following Monday, except when Monday is a Federal holiday. In that case, the submission deadline is 5 p.m. on Tuesday. The WNGSR is released on Thursday between 10:30 and 10:40 a.m. (Eastern Time) on EIA's Web site (<http://tonto.eia.doe.gov/oog/info/ngs/ngs.html>), except when Thursday is a Federal holiday. A listing of changes to this general schedule is maintained on

the EIA Web site at <http://tonto.eia.doe.gov/oog/info/ngs/schedule.html>.

The EIA provides the public and other Federal agencies with opportunities to comment on collections of energy information conducted by EIA. As appropriate, EIA also requests comments on important issues relevant to EIA's dissemination of energy information. Comments received help the EIA when preparing information collections and information products necessary to EIA's mission.

On January 7, 2005, EIA issued a **Federal Register** notice (70 FR 1426-28) requesting public comments on proposed changes to the current policy for handling revisions to information disseminated in the WNGSR. In that notice, EIA discussed the reasons for WNGSR revisions as well as three potential proposed policy options for the unscheduled release of revisions: (1) The existing policy of No Unscheduled Release, in which the revised information is disseminated in the next scheduled WNGSR; (2) Fixed Timing, in which revisions of sufficient magnitude are released at a fixed time and day prior to the next regularly scheduled release of the WNGSR; and (3) Variable Timing, in which revisions of sufficient magnitude may be disseminated 2 hours after EIA issues notification.

II. Discussion of Comments

In response to the **Federal Register** notice requesting comments on the proposed WNGSR revision policy, EIA received 26 sets of comments. Most of the comments were from energy firms and trade groups.

The comments tended to focus on the following general issues for which EIA specifically requested a response:

- Whether EIA should release revisions to the *Weekly Natural Gas Storage Report* outside the regular established weekly schedule, and if so, whether that should occur on a fixed or variable schedule.
 - The magnitude of the threshold that may trigger an unscheduled release of revisions.
 - The timing and pre-notification guidelines for the unscheduled release of revisions, including the length of time between notification and subsequent data release.
 - If prior notification is used, whether a notification approach using a posting on the EIA Web site and e-mail is sufficient.
 - Whether the hours for an unscheduled release should be limited to Federal work hours or the operating hours of selected energy trading markets.

As to whether EIA should conduct the unscheduled release of revisions to the *Weekly Natural Gas Storage Report*, two respondents indicated that EIA should continue the existing policy of issuing revisions only on the official schedule, while twenty-one indicated a preference that revisions be made available prior to the next scheduled release, and the three remaining respondents did not express a preference. The respondents who preferred no change in the current policy felt that it was adequate. Most of the respondents who were in favor of changing the current policy to permit unscheduled releases outside the regular weekly cycle argued that providing the market with the revised data more promptly would ensure that the storage data being used by market participants were as accurate and timely as possible.

With regard to the appropriateness of the suggested threshold of 15 Bcf to trigger an unscheduled release of revisions, responses varied considerably. Fifteen respondents expressed a preference for thresholds ranging up to 15 Bcf. Of those fifteen, two respondents favored thresholds below 7 Bcf, six favored a 7 Bcf threshold, one suggested a range of 7 to 10 Bcf, three favored 10 Bcf, and three favored a 15 Bcf threshold. Another respondent suggested the threshold should be a percentage of current working gas stocks, although a percentage was not specified. The remaining ten respondents did not provide an opinion regarding a threshold that would trigger an unscheduled release.

On the timing and pre-notification of the unscheduled release of revisions, three respondents indicated that EIA should not provide early notification, fourteen indicated that pre-notification 2 hours in advance was appropriate, one respondent suggested an overnight delay, and the remaining eight respondents did not state a preference. Respondents opposed to a delay between the pre-notification and the unscheduled release of a revision expressed a preference to have the information as soon as possible. Respondents in favor of pre-notification asserted that the early notice would give market participants time to prepare for the new information and help ensure that they would receive the information simultaneously. With respect to how to issue a pre-notification of an impending unscheduled release, all twelve respondents expressing a preference indicated that some combination of an e-mail notice and Web site posting would be sufficient, with one

respondent suggesting a press release also.

In reference to the potential hours during which the unscheduled release of revisions may occur, seven respondents indicated that such releases should occur anytime, five expressed a preference for major energy market hours, and three suggested that Federal government work hours would be appropriate. Eleven respondents did not express an opinion on this issue. Respondents indicating a preference for a broader release horizon argued that the information should be made available as soon as possible. However, it was not clear whether these respondents literally meant anytime or implicitly preferred Federal work hours. Those preferring unscheduled releases during the business hours of the major energy markets indicated that a release during that period would be more equitable for all market participants.

EIA's Response to Comments Received

The comments on the issue of a policy for the unscheduled release of WNGSR revisions generally focused on the benefit of the public having the most accurate data as soon it can be made available as well as reducing uncertainty for market participants. While the benefits of providing the unscheduled release of revisions are not empirically measurable, commenters generally agreed that more flexibility in releasing this information will be an improvement to EIA's current policy of no unscheduled release of revisions, despite the likely resulting costs of monitoring EIA for the possibility of an unscheduled release.

There are a number of factors that were considered in developing a more flexible unscheduled release policy. First, EIA's goal is to provide all market participants fair opportunity to access new information at the same time to avoid bestowing an unfair advantage on a subset of market participants. The unscheduled release of revisions makes ensuring fairness to all market participants problematic because market participants may not learn of a revision at the same time. While many respondents asserted that a variable release policy would reduce market uncertainty, the possibility of an unscheduled release occurring at any time during the day could increase market uncertainty more often than not, as rumors about revisions may occur more frequently than revisions themselves. A revision policy in which revisions may occur on any Federal workday at a specified fixed time balances the public's desire for up-to-date, accurate information with

managing the uncertainty and disruption that may be associated with on-going updates.

EIA is establishing a policy with a time for the unscheduled release of revisions between 2 and 2:10 p.m. on a Federal workday in order to reduce uncertainty in the market and the cost of monitoring EIA's Internet site continually for revision announcements. Further, the only time that EIA will issue a notification of an upcoming release of revisions will be between 1 p.m. and 1:10 p.m. during a Federal workday.

An approximate 1 hour delay between notification and release of a revision will provide market participants adequate opportunity to prepare for the new data and will not unduly delay the release of the information to the public. The announcement of a pending release will occur in multiple ways including through a Web site announcement, e-mails to selected media, and a general e-mail notice sent to users of WNGSR data who have signed onto a free service available on EIA's Web site. Users should note that timely delivery of the notification through e-mail depends on a number of factors, including their Internet service providers and Internet traffic, and in some cases a notification may not be received before the release of the revised WNGSR. However, reliance on multiple forms of communication will work to minimize difficulties in informing the public.

The new policy reflects EIA's concerns regarding its ability to execute the unscheduled releases effectively. While considering implementation plans for a more flexible policy, EIA determined that market participants with automated Web browser programs (also called "robots") may continually monitor EIA's Web site for an announcement. The system congestion caused by users in short episodes, such as occurs each Thursday at 10:30 a.m. for the scheduled release of the WNGSR, has been noticeable to EIA Web site managers, but has not caused significant problems to date. If EIA had a policy of releasing an unscheduled WNGSR revision at any time during the day, users might impose a similar load on EIA's system on a continual basis. The sustained high level of activity on EIA's Web site could overwhelm the system and seriously degrade system performance and responsiveness for all users. This could prevent EIA from successfully executing a release and even jeopardize EIA's overall Internet operations. By limiting customer interest to brief periods around 1–1:10 p.m. for notification, and 2–2:10 p.m. for release of an unscheduled release,

the threat to EIA's Internet capabilities is reduced.

This approach to timing of the announcement of an impending unscheduled release of a WNGSR revision will allow for revisions to be released as early as the same day the need for a revision is identified including situations in which the need for a revision is identified shortly after the WNGSR is released. It achieves this result in a manner that should not create unnecessary costs for users with limited resources and helps to avoid potential difficulties that might jeopardize the operational integrity of EIA's Internet site.

Lastly, each new announcement that EIA makes about the natural gas storage data seems to have a significant influence on market trading. Announcement of a pending unscheduled release likely will be accompanied by price volatility or a virtual suspension of trading, either of which constitutes a disruption of normal trading. As a result, it seems prudent for EIA to adopt a threshold for an unscheduled release of a revision higher than the current 7 Bcf threshold for a regularly scheduled revision to the WNGSR. EIA selected a threshold of 10 Bcf. Using this threshold, EIA would have had one unscheduled release of a WNGSR revision between January 1, 2003, and March 31, 2005.

This new policy will become effective with the WNGSR released on May 19, 2005, containing data as of May 13, 2005. This date was chosen to ensure adequate time for developing and testing unscheduled release procedures, testing revised report formats, and working with WNGSR customers on the new formats. A test site for the modified report formats (which will be redesigned to accommodate revision markers) will be provided in early May. Information about the test site and changes will be provided on the WNGSR Web site in the first week of May.

III. Current Actions

EIA is establishing a new policy for the unscheduled release of revisions to certain information disseminated in the WNGSR. In establishing this new policy, EIA recognizes the importance of timeliness in providing revised storage estimates. After considering all factors, EIA decided to establish a policy allowing for the unscheduled release of WNGSR revisions on any Federal workday at a set time between 2 and 2:10 p.m. after public notification between 1 and 1:10 p.m. This timetable would allow for a same-day correction to a morning WNGSR release in the

event that a significant error in the data submitted by respondents or in EIA's processing of that data is discovered shortly after it is issued.

This new policy will not apply to scheduled releases such as changes in methodology or estimation parameters, which are scheduled and announced in advance. It also will not apply to revised estimates resulting from respondents reclassifying gas already in underground storage facilities (between working gas and base gas inventories). Revisions based on reclassifications of gas will only be reported in the next regularly-scheduled release of the WNGSR. The timing of a reclassification is often discretionary for the respondent. Even when it is not (*e.g.*, it becomes final on the basis of regulatory agency action), the respondent has unique knowledge related to a potential revision. In order to limit the possible disruption to markets caused by the reclassification of previous working gas inventories, reclassifications will be included in the estimate for the next regularly scheduled WNGSR release, no matter when they are officially accounted for by the respondent. Reclassifications exceeding a 7 Bcf threshold will be noted in the WNGSR text, although as adjustments to the current week data, they are not actually revisions. As a result, reclassifications would not lead to mid-week revisions which would be known in advance by only one respondent. All revisions that continue to be disseminated in regularly-scheduled releases of the WNGSR will be handled according to the revision policy established in a prior notice published in the **Federal Register** on November 12, 2002 (67 FR 68581–68583). That policy also appears in the WNGSR Methodology documentation available at <http://tonto.eia.doe.gov/oog/info/ngs/methodology.html#revisions>.

EIA WNGSR Policy for Unscheduled Release of Revisions

The unscheduled release of revisions to weekly estimates of working gas held in underground storage caused by data changes or corrections when the cumulative effect of these changes is at least 10 Bcf shall be disseminated on a Federal workday between 2 p.m. and 2:10 p.m. (Eastern Time) following notice of the pending release to the public between 1 p.m. and 1:10 p.m. (Eastern Time). If a revision is made, changes to all affected regions shall be recorded in the 2–2:10 p.m. release. Public notification will occur in a number of ways including a Web site notice of the impending release of revised data that will replace the current *Weekly Natural Gas Storage Report*

(WNGSR), e-mail notification to selected media, and an e-mail notice that will be sent to all users of WNGSR data who have signed onto a free distribution service. There are two exceptions to the release of revised WNGSR data on an unscheduled basis. First, this unscheduled release policy will not apply to data changes resulting from changes in the methodology or estimation parameters. Second, revised estimates due to respondents reclassifying gas (between working gas and base gas inventories) will be reported only in regularly-scheduled releases of the WNGSR.

EIA reserves the right to revisit or amend this policy at any time at the discretion of the Administrator. However, EIA will provide prior notification in the *Weekly Natural Gas Storage Report* or the **Federal Register** before implementing any changes.

Statutory Authority: Section 52 of the Federal Energy Administration Act (Pub. L. 93–275, 15 U.S.C. 790a).

Issued in Washington, DC, April 20, 2005.

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