



**Federal Energy Regulatory Commission  
November 15, 2007  
Open Commission Meeting  
Statement of  
Commissioner Philip D. Moeller**

**Item G-1: Promotion of a More Efficient Capacity Release Market (Docket No. RM08-1-000)**

"While nearly a year has passed since the Commission issued its request for comments in response to the petitions filed by PG&E and Coral Energy, et al., I am glad that we are issuing these proposed regulations today. In hindsight, the restructuring of the pipeline industry with Order No. 636 and the creation of the capacity release program have been very successful, resulting in more efficient and competitive markets. However, markets evolve with the passage of time and market participants adapt to changing conditions and environments.

In 2000, Commission amended its regulations with the issuance of Order No. 637 in response to the growing development of competitive markets for natural gas and the transportation of natural gas. After seeking comment from the industry, the Commission revised its regulatory framework to improve the efficiency of the market and provide customers with the opportunity to reduce the cost of holding long-term pipeline capacity while continuing to protect against the exercise of market power. Order No. 637 enhanced the efficiency of the market by waiving price ceilings for short-term released capacity for a two-year period and improved scheduling procedures, allowed capacity segmentation, and offered flexible point rights. In addition to the efficiencies gained, these changes significantly improved the competitiveness of the interstate pipeline grid.

Today, after reviewing the comments that were filed in this docket, the Commission is continuing to improve the capacity release markets by proposing two major changes to our regulations. The first proposal is familiar, that is, whether FERC should permanently remove the maximum rate cap on short-term capacity releases. The second proposal, that would permit the use of asset management arrangements, is relatively new and in response to the increasing popularity of having third-party portfolio managers manage the gas supply and delivery arrangements of a capacity holder.

Ultimately, I am hopeful that the industry sees that the Commission is being responsive to the changing needs of the interstate natural gas markets, and I would like to extend my appreciation to those parties who have filed comments, and those that will be filing comments in January."