



FEDERAL ENERGY REGULATORY COMMISSION

September 18, 2008

Docket No. RM07-10-001

Item No. G-1

Commissioner Philip D. Moeller

**Statement of
Commissioner Philip D. Moeller
on
Transparency Provisions of Section 23 of the Natural Gas Act**

"When the Commission issued the Final Rule back in December, I emphasized the real-world significance of these new regulations. That is, that the creation and use of the new FERC Form No. 552 will enable the collection of information to estimate the annual size of the physical wholesale natural gas market. In turn, this reported information will improve price transparency by making it possible to evaluate the formation of index prices and the use of index pricing in our natural gas markets.

Since December, our staff held several widely-attended technical conferences and a limited number of parties sought clarification or rehearing of the Rule. The information provided to us after the issuance of Order No. 704 has influenced our decision today. Among the important changes being made, we are adopting a one-year safe harbor at the request of several parties to make clear that we do not intend to penalize respondents for errors in reporting *provided* that the respondents use reasonable efforts to comply with our regulations and Form instructions. We also provide more precise information to help entities determine whether they meet or exceed the *de minimis* reporting threshold. Additionally, on rehearing, we recognize the importance of not using the terms "retail" interchangeably with "end-use" when describing transactions that would be exempt from the reporting requirement. I have come to recognize that those terms are not synonymous in every instance, and we clarify our intent in this order.

As stated previously, I believe the information that we will begin to receive next year is going to improve our understanding of index pricing, which in turn should allow market participants to improve their confidence in index prices. I continue to have the confidence that these regulations, as modified today, will improve transparency in markets for the wholesale sale of physical natural gas."

