



FEDERAL ENERGY REGULATORY COMMISSION

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Docket Nos. RM07-10-001; Order No. 704-A

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FERC Affirms Gas Market Transparency Rule

The Federal Energy Regulatory Commission (FERC) today reaffirmed and clarified Order No. 704, its rule establishing reporting requirements designed to provide transparency for information provided by natural gas market participants to price index publishers.

Background

Order No 704, issued Dec. 26, 2007, requires natural gas wholesale market participants, including a number of entities that otherwise may not be subject to FERC's Natural Gas Act jurisdiction, to identify themselves and report summary information about their physical natural gas transactions for each calendar year.

Order No. 704 created FERC Form No. 552: Annual Report of Natural Gas Transactions, which must be submitted by May 1, 2009, for transactions occurring during the calendar year 2008 and by May 1 of each year thereafter for transactions occurring the previous year.

The Order

In response to 13 requests for rehearing and clarification of Order No. 704, FERC today clarified that natural gas market participants must report all data on FERC Form No. 552 for transactions that use, contribute to or could contribute to a price index. This should include data on transactions involving volumes that use next-day or next-month price indices, volumes that are reported to any price index publisher, and all volumes that could be reported to an index publisher, even if the respondent has chosen not to report to a publisher. Volumes that could be reported to an index publisher include bilateral, arms-length, fixed price, physical natural gas transactions between non-affiliated companies at all trading locations, the FERC order states.

Order No 704-A also removes the requirement that data be reported only for specific reportable locations. Participants must report transactions that do not occur at a specific location currently designated by an index developer as a reporting location. The rule also clarifies that balancing, cash-out, operational and other similar transactions must be reported on the FERC Form No. 552 to the same extent as other types of transactions.

The rule will exempt from filing entities that have both reportable sales totaling less than 2.2 million British thermal units (MMBtu) and reportable purchases totaling less than 2.2 million MMBtu. The exemption applies only for those entities not holding blanket certificates.

FERC clarified that end-use transactions are not categorically exempt, although traditional retail service is not included in the data required for FERC Form No. 552.

FERC will provide a one-time only safe harbor for calendar year 2008 data.