

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Transparency Provisions of Section 23
Of the Natural Gas Act

Docket No. RM07-10-002

NOTICE OF FORM NO. 552 TECHNICAL CONFERENCE

(February 22, 2010)

Take notice that on March 25, 2010, a technical conference will be convened to consider certain issues concerning Form No. 552, related to Order Nos. 704, 704-A and 704-B.¹ The technical conference will be held in the Commission Meeting Room at the headquarters of the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C., from 9:00 a.m. to 2:00 p.m. (EDT). The conference will be open to the public; there is no registration to attend.²

On December 26, 2007, the Commission issued Order No. 704, Transparency Provisions of Section 23 of the Natural Gas Act. The Final Rule, among other things, requires natural gas market participants to report sales and purchase volumes of physical natural gas that use, contribute to, or may contribute to the formation of a price index during a calendar year. On September 18, 2008, the Commission issued Order 704-A Order on Rehearing and Clarification and on December 18, 2008 the Commission issued Order 704-B, Order Dismissing Rehearing Request as Deficient, Denying Reconsideration, and Granting and Denying Clarification.

On October 9, 2009 and November 3, 2009, the American Gas Association and Pacific Gas & Electric Company, respectively, submitted supplemental comments requesting clarification of certain reporting requirements in Form No. 552. Staff has also identified other areas in the form that require clarification and inconsistencies in reporting physical natural gas transactions that arose during data collection and outreach. The

¹ *Transparency Provisions of Section 23 of the Natural Gas Act*, Order No. 704, FERC Stats. & Regs. ¶ 31,260 (2007) (Final Rule); *Transparency Provisions of Section 23 of the Natural Gas Act*, Order No. 704-A, FERC Stats. & Regs. ¶ 31,275 (2008); and *Transparency Provisions of Section 23 of the Natural Gas Act*, Order No. 704-B, 125 FERC ¶ 61,302 (2008).

² A Notice of Extension of Time is being issued concurrently with this notice granting all natural gas participants an extension of time until July 1, 2010 to file their Form No. 552 for calendar year 2009.

inconsistencies and issues identified and discussed below will be the subject of the technical conference for Form No. 552. The Commission may elect to modify Form No. 552 following reviews of the supplemental comments requesting clarification and its own clarifications after the technical conference.

The technical conference will address only the issues identified by staff. The topics for discussion at the conference are: 1) inconsistencies in reporting upstream transactions in the natural gas supply chain on Form No. 552, and whether these transactions contribute to wholesale price formation; 2) whether transactions involving balancing, cash-out, operational, and in-kind transactions should be reported on Form No. 552; and 3) whether the units of measurement (TBtu) currently used for reporting volumes in the form are appropriate.

Order No. 704-A held that transactions involving unprocessed natural gas were not reportable on Form No. 552. The Commission also held that transactions regarding unprocessed natural gas should not be counted when determining whether an entity falls below the de minimis threshold.

Through various outreach efforts and data collected in Form No. 552 for calendar year 2008, Commission staff has learned that substantial volumes of upstream natural gas transactions may not be reflected in Form No. 552, because of inconsistent reporting practices. The sales and purchase volumes of upstream natural gas transactions are currently reportable on Form No. 552 if they use, contribute to, or may contribute to the formation of a price index. Staff believes that Form No. 552 filers have interpreted this requirement in various ways based on their unique situations. Therefore, staff would like to gain a better understanding of industry reporting practices for upstream transactions in the natural gas supply chain and to determine whether upstream natural gas contributes to wholesale price formation.

In Orders 704-A and 704-B, the Commission found that balancing, cash-out, operational, in-kind, and similar transactions must be reported in Form No. 552 if they use, contribute to, or could contribute to the formation of a price index. Staff has preliminary indications that the volumes of natural gas identified as cash-outs are relatively low in relation to the total reportable physical natural gas reported on Form No. 552. Therefore, staff is seeking to better understand the burden and benefits of reporting these volumes.

Finally, filers have expressed confusion about the requirement in Form No. 552 to report transactions in trillion Btus (TBtu). Converting data to TBtus led to a number of filing errors, and subsequent resubmissions to correct the data were required. Staff is

seeking feedback on whether changing the reporting units to an industry standard unit of measure like decatherms would facilitate reporting.

An agenda for the conference will be issued in a later notice. This technical conference will not be webcast. It will be transcribed. Transcripts of the conference will be available immediately for a fee from Ace Reporting Company (202-347-3700 or 1-800-336-6646).

Any person interested in filing comments after the conference should do so in this docket by April 2, 2010. A person is not required to have attended the conference in order to file comments on the specific topics herein.

Commission conferences and meetings are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations please send an email to accessibility@ferc.gov or call toll free (866) 208-3372 (voice) or 202-502-8659 (TTY), or send a fax to 202-208-2106 with the required accommodations.

For additional information, please contact Christopher Peterson at 202-502-8933 or Christopher.Peterson@ferc.gov and Thomas Russo at 202-502-8792 or Thomas.Russo@ferc.gov of FERC's Office of Enforcement.

Kimberly D. Bose,
Secretary.