

---

---

# FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426

---

---



## NEWS RELEASE

### NEWS MEDIA CONTACTS:

Bryan Lee, Tamara Young-Allen  
(202) 502-8680

### FOR IMMEDIATE RELEASE

January 29, 2003

### CHAIRMAN WELCOMES NATURAL GAS MARKET ASSESSMENT

Federal Energy Regulatory Commission Chairman Pat Wood, III today welcomed receipt of the *2003 Natural Gas Market Assessment*, the first major analytical report by FERC's recently established Office of Market Oversight and Investigations.

"The staff report validates that the state of competitive natural gas markets is sound, while underscoring the need for vigilant market oversight to ensure that competition continues to work in the best interest of customers and market participants," Wood said.

The staff report found that competitive forces in natural gas markets continue to produce tangible economic benefits for customers, despite weakened financial conditions of some market participants and shaken confidence in the markets.

"The North American natural gas marketplace has shown itself to be remarkably robust through the many trials of recent years," the report says. "Nevertheless, wholesale natural gas markets face challenges as 2003 gets underway." To overcome these challenges, the report recommends that both industry participants and regulators "seek out and aggressively promote solutions to assure efficient, cost-effective and reliable natural gas service to all U.S. customers."

The analysis cited five challenges facing today's natural gas marketplace:

- Deteriorating financial conditions of market participants;
- Managing credit exposure;
- Shaken confidence in price discovery methods;
- Continuing need for efficient investment in infrastructure; and
- Continuing potential for manipulation.

R-03-05

—more—

(2)

Commissioner Nora Mead Brownell congratulated the market oversight office for identifying key areas where FERC's attention is warranted to ensure that illiquidity in some regional markets doesn't facilitate the exercise of market power.

"This is a staff report by people whose job is to watch for potential vulnerabilities in the marketplace. This doesn't mean that the market is rife with abuse. It means the people who are being paid to look out for problems are doing their job and protecting the public interest," Brownell said.

In 2001, the U.S. natural gas market totaled \$142 billion, or about 1.4 percent of the gross domestic product of the United States, the staff report noted.

FERC's Natural Gas Market Assessment was presented to the Commission during its Jan. 29 open meeting. The staff presentation and staff report will be available on the Commission's Web site at [www.ferc.gov](http://www.ferc.gov).