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2003

Wednesday September 10

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## FERC satisfied with gas market index info

FERC has gathered enough information for a policy statement on how to restore confidence in gas price indices, Bill Hederman, director of FERC's Office of Market Oversight & Investigations told RT July 2 after presiding over a third technical conference on the topic.

In the meeting the gas industry argued in favor of safe harbor for those who make innocent mistakes reporting price data.

FERC staff asked why that was needed.

Much of the industry has reached tentative agreement on a voluntary reporting process and wants to avoid having to name trading counterparties.

FERC has the authority to make reporting mandatory and to require that counterparties be included but it faces steep political pressure to cut volatility in the gas market fast.

Safe harbor relieves people from feeling like they are volunteering to throw themselves into a brick wall, explained AGA Attorney Kirsten Gibbs.

Industry consensus is inadequate and FERC should get something in return for granting safe harbor, suggested Greg Lander, whose Skipping Stone consulting company proposed an Energy Transaction Repository to gather pricing data and relay it to publishers (RT, 6/17).

"There are those at the table who would like to add the frosting of safe harbor to the cake of consensus. There ought to be something of value paid for that, not just an agreement not to pillage and burn," Lander said.

FERC should use industry consensus as the first phase of its price index renewal project, suggested Michael Smith,

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executive director of the Committee of Chief Risk Officers (CCRO), then assess whether the industry did well.

If the first phase succeeds, counterparty data might not be needed, Smith added, and hundreds of contracts that prohibit disclosure wouldn't need reworking.

A collection of counterparty data would provide an overall view of the gas market that could be misused if it got into the wrong hands, warned PacifiCorp's Jeremy Weinstein.

It's an open invitation to corruption, Weinstein said.

Adding requirements that deter reporting is going in the wrong direction, said Rhone Resch, NGSa vice president for energy markets.

About 90% of NGSa members report trades, Resch added.

"I get irritated when people say the industry is trying to get a safe harbor for the status quo," Smith complained.

The conference helped clarify what market players want a safe harbor to accomplish, Hederman said.

FERC wants to give commissioners enough detail to decide whether a policy statement or a formal order is needed, Hederman added. (Originally published in *Restructuring Today* [7/3/03](#))

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