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HEADLINE: FERC's Moeller leads talks on off-hours gas trading hassles

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BODY:

Commissioner Philip Moeller will lead a meeting at the Federal Energy Regulatory Commission next month to bring stakeholders together to discuss the potential for developing an electronic information and trading platform for natural gas.

Moeller has likened night and weekend trading of gas to an archaic Rolodex system, reliant on generators calling gas marketers on their cell phones to determine if gas is available. He has advocated for a "Craigslist for gas transactions" to help address concerns about liquidity and price transparency in after-hours trading.

An August 19 FERC notice said Moeller will convene a meeting September 18 "to provide a forum for interested parties to discuss ideas to facilitate and improve the way in which natural gas is traded, and explore the concept of establishing a centralized trading platform for natural gas."

Such a platform would include bids to purchase and offers to sell physical gas and capacity at receipt and delivery points across multiple pipeline systems, the notice said.

A boom in domestic gas production has made the price of gas attractive for many electricity generators, pushing a larger share of the country's electricity mix toward gas-fired generation. Despite a growing dependence on gas and an increased likelihood that gas-fired generation will be called upon to ramp up on short notice, generators have few options for procuring gas at night and on weekends when the markets are closed, beyond making calls to individual marketers.

Concerns abound related to "the lack of transparency and possible inefficiencies in trading the commodity, particularly during off-hours," the notice said.

The September 18 meeting will be open to the public, and the notice encourages those in the electric power and financial sectors to attend.

The commission said it will be looking to system operators and generation owners to share "the types of near real-time flexibility (e.g., changing or confirming nominations) that would be most valuable to them," while it will probe "pipeline operators and others regarding the physical and information requirements that would have to be met in order to provide such flexibility on a standardized basis."

The notice also said the commission is interested in discussing current confirmation processes and hearing ideas about "how they might be accelerated, streamlined and better coordinated across pipelines where necessary to support trading opportunities."

Moeller indicated in June that he planned to publicly address this issue but wanted to allow stakeholders to talk behind the scenes first.

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At a June 24 meeting of the Mid-Atlantic Conference of Regulatory Utilities Commissioners in Hershey, Pennsylvania, he pointed to a concept floated at an April technical conference by Donald Sipe backing the creation of an information and trading platform for gas that is similar to the trading platform currently used for wholesale electricity trading within RTOs.

Sipe, an attorney with **Preti Flaherty** who represents the American Forest and Paper Association and other industrial customers, told FERC in April that such a platform could address a variety of issues that are driven not by a lack of pipeline capacity but instead by a lack of information.

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