



**Federal Energy Regulatory Commission
September 18, 2008
Open Commission Meeting
Staff Presentation
Item G-1**

"Good morning Mr. Chairman and Commissioners:

G-1 is a draft order on rehearing and clarification of Order No. 704, the Final Rule adopting FERC Form No. 552 - an annual reporting requirement for certain natural gas market participants. This reporting requirement has its genesis in the Energy Policy Act of 2005 which added section 23 of the Natural Gas Act, authorizing the Commission to facilitate price transparency in the wholesale natural gas markets.

The draft order addresses the requests for rehearing or clarification of Order No. 704 as well as comments received during and following two technical conferences that staff held with potential filers of Form No. 552. The draft order largely affirms Order No. 704 while granting rehearing and clarification on a number of subjects. The draft order reiterates that the data sought by Form No. 552 is volumetric data regarding physical natural gas transactions that utilize, contribute to, or could contribute to natural gas price indices. Additionally, both purchase and sales data should be reported.

The draft order narrows the scope of respondents by excluding certain data that must be reported and reduces the filing burden on many respondents who must submit Form No. 552. First, the draft order provides that only physical natural gas transactions must be reported. Financial transactions should not be reported.

Second, respondents that do not hold a blanket certificate qualify for an exemption from Form No. 552 if their natural gas transactions are *de minimis*. Market participants will qualify for the *de minimis* exemption if both their annual reportable sales are less than 2.2 million MMBtu and their annual reportable purchases are less than 2.2 million MMBtu.

Third, while the draft order clarifies that end-use transactions are generally subject to reporting on Form No. 552, traditional retail transactions at the local distribution company level are not subject to reporting.

Fourth, the draft order provides that respondents need not distinguish between transactions based upon location. This modification is consistent with the Commission's 2003 Policy Statement on index price reporting and compliance should be less burdensome for respondents.

Form No. 552 is to be filed by May 1, 2009 for calendar year 2008 data and each May 1 thereafter for the preceding calendar year's data. The draft order proposes a one-year safe harbor for respondents submitting calendar year 2008 data. Respondents will benefit from a rebuttable presumption that the data provided by May 1, 2009 is accurate and provided in good faith. The draft order also contains a number of additional technical clarifications.

At this time I would like to thank the many individuals who contributed to the creation of Order No. 704-A.

This concludes staff's presentation. We would be happy to answer any questions that you may have regarding the draft order."