



FEDERAL ENERGY REGULATORY COMMISSION

News Release

April 21, 2022
News Media Contact:
Mary O'Driscoll
MediaDL@ferc.gov
PL20-3, Agenda Item G-1

FERC Approves Natural Gas Price Indices Updates

FERC today moved to improve confidence in the accuracy and reliability of wholesale natural gas prices. Today's action largely adopts the proposed policy FERC issued in [December 2020](#). The revised approach promotes increased reporting of transactions to natural gas price index developers and increases the transparency requirements for such developers given the importance of indices to the natural gas price formation process.

Natural gas price indices are used to price billions of dollars of natural gas and electricity transactions annually in both the physical and financial energy markets. As such, having accurate and reliable indices that are developed in a transparent manner is critical to the efficient functioning of both natural gas and electricity markets. Additionally, natural gas price indices are often used to verify electricity supply offers in RTO/ISO markets from gas-fired generators to protect consumers against the exercise of market power and ensure proper price formation.

Natural gas price index developers use voluntary reporting of transactions from market participants. However, since 2010, the Commission has seen a dramatic decline in the reporting of transactions to price index developers. Without sufficient reporting of transactions, the resulting price indices may not reflect market conditions and, therefore, may not be accurate. To encourage additional reporting, today's action reduces the burden of reporting to price index developers by allowing market participants to report either next-day or next month transactions instead of both and by reducing the frequency of required self-audits from annual to biannual.

Today's action also promotes transparency and confidence in the use of natural gas indices. The policy statement will now require that price index developers seeking certification should indicate whether a published index price is calculated using market information other than the trades at the index's specified location in their published price indices and data distributions. Moreover, each approved price index developer should seek re-approval from the Commission every seven years to demonstrate that it fully or substantially meets the standards outlined in the policy statement. Finally, the Commission is modifying the review period for assessing the liquidity of natural gas price indices submitted for reference in FERC-jurisdictional tariffs to 180 continuous days out of the most recent 365 days.

Today's issuance also makes minor revisions to FERC Form 552 and clarifies it does not apply to electric price indices.



FEDERAL ENERGY REGULATORY COMMISSION

News Release

R22-30

(30)