

R03006

Request for Initiation of NAESB Standards for Names, Definitions and Regional Classification of Natural Gas Trading Points Used by Publishers of Price Information

North American Energy Standards Board

Date of Request: May, 2003

1. Submitting Entity & Address:

Intelligence Press Inc.
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2. Contact Person, Phone #, Fax #, Electronic mailing address:

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3. Description of the Proposed Standards:

Intelligence Press is requesting NAESB's aid in setting standard names, definitions and regional classifications for the natural gas trading points most commonly used in the pricing tables appearing in its *Natural Gas Intelligence (NGI)* family of newsletters and in the pricing tables of other natural gas price publishers. A process also would have to be set up for defining new pricing points, which may need to be added in the future.

4. Use of Proposed Standards

The standards would set out clearly defined locational pricing points, which could be used by the publishers and those trading in the market who are submitting pricing data to the publishers to ensure the data is accurately directed and used. Currently, the different publishers' price tables, having been developed individually over the years, do not always call the same point by the same name. Nor are their regional categories the same. This makes it difficult for some back office personnel, who recently have been delegated by many companies to submit data to the publications, to know which trades to ascribe to which points.

NGI believes that NAESB provides a forum where publishers and market participants in the surveys could work together for the better understanding of all.

5. Description of Any Tangible or Intangible Benefits to the Use of the Proposed Standard or Enhancement:

Standardizing the definitions and names of the pricing points would increase market transparency by allowing people to easily compare the various publications' price tables. Currently, this is not a simple process. At FERC's recent technical conference on price indices, NGI suggested that one way for the Commission to monitor the market would be to compare the results of different publications and electronic trading systems to identify disparities and possible problem areas for investigation. This type of standardization and monitoring would contribute to market transparency and alert the regulators to trouble spots without mandating the submission of mountains of data from traders to FERC.

6. Estimate of Incremental Specific Costs to Implement Proposed Standard or Enhancement:

Changing their tables to conform to new standards would cause only a limited amount of newsletter and website redesign, as well as detailed explanations and defenses to the users of the tables, who generally speaking are intolerant of price table changes.

7. Description of Any Specific Legal or Other Considerations:

This standardization would not require the publishers to list all of the standardized pricing points. It would simply provide the standardized name, definition and regional categorization for a point, which a publication would use if it chooses to survey and list that particular point.

8. If This Proposed Standard or Enhancement is Not Tested Yet, List Trading Partners Willing to Test Standard or Enhancement (Corporations and contacts):

Platts has expressed an interest. A representative of FERC's Office of Market Oversight and Investigation has commented favorably on the initiative.

9. If This Proposed Standard or Enhancement is in Use, Who are the Trading Partners:

N/A

10. Attachments:

The daily and monthly price tables published by NGI, *Platts* and *Natural Gas Week* are included in separate attachments.