

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Transparency Provisions of Section)	Docket No. RM07-10-000
23 of the Natural Gas Act)	Docket No. AD06-11-000

**COMMENTS OF THE
INDUSTRIAL ENERGY CONSUMERS OF AMERICA**

On April 19, 2007, the Federal Energy Regulatory Commission (“Commission” or “FERC”) issued its Notice of Proposed Rulemaking (“NOPR”) in the above-referenced dockets, requesting comments to be filed on or before July 11, 2007, regarding its proposal to revise its regulations to: (i) require daily posting of some natural gas flow information by intrastate pipelines and (ii) require annual filings by buyers and sellers of natural gas in the U.S. wholesale markets (that transact more than *de minimis* volumes) of aggregate purchase and sale information. The Industrial Energy Consumers of America (IECA) commends the FERC for its effort to increase transparency of the natural gas market and welcomes the opportunity to provide input.

I. Description of the Industrial Energy Consumers of American and Its Interest in This Proceeding.

IECA is a national cross industry trade association whose member companies are large consumers of natural gas and would be directly impacted by FERC actions on this Notice of Proposed Rulemaking. IECA member companies have a long-standing concern that the natural gas market lacks transparency. Without adequate transparency, market power and manipulation can occur. In fact, manipulation has occurred and many companies have been fined. In our view, this problem has not been resolved.

Corporate board members are top energy procurement managers who are leaders in their industry, technical experts, strongly committed to energy efficiency and environmental progress. IECA membership represents a diverse set of industries including: plastics, cement, paper, food processing, aluminum, chemicals, fertilizer, brick, insulation, steel, glass, industrial gases, pharmaceutical, construction products, automotive products, and brewing.

II. Comments of the Industrial Energy Consumers of America

a.) Regarding proposed provision: (i) require daily posting of some natural gas flow information by intrastate pipelines.

IECA supports this provision. It is clearly in the public interest that such information be made available. Pipeline companies already have this information available so it should not pose a cost burden. More importantly, the availability and flows of natural gas in the wholesale market will be very helpful in providing an accurate picture of the market. Furthermore, such a reporting system has been implemented in the UK with significant success and benefits.

b.) Regarding proposed provision: (ii) require annual filings by buyers and sellers of natural gas in the U.S. wholesale markets (that transact more than *de minimis* volumes) of aggregate purchase and sale information.

IECA does not support this provision. We sincerely have difficulty understanding how this provision that requires reporting once a year would be helpful. The clear intent and responsibility of the FERC is to ensure that the natural gas market is functioning efficiently, fairly and that the derived market price is trustworthy. That is, without manipulation. This provision does not move us forward. If FERC does move forward with this NOPR, the *de minimis* test should only apply to manufacturing wholesale transactions (not retail) and to a “facility” versus the entire corporate entity.

IECA member companies are unanimous in their view that the current indices system is not working sufficiently and it is questionable that it delivers trustworthy price discovery. There are an insufficient number of companies who report transactions. It is a widely held view that too often a relatively small number of transactions are setting the price for a substantial volume of natural gas. This provision will not solve our price transparency concerns.

We believe that requiring reporting of retail consumption by industrial customers who are not engaged in the business of buying natural gas in the wholesale market will not be of value to the FERC in evaluating the determination of prices.

Respectfully submitted,

INDUSTRIAL ENERGY CONSUMERS OF AMERICA

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