UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Commission Information Collection Activities (FERC–552, FERC–549e)	Docket No. IC26–5

Comments of Public Citizen, Inc.

The Commission seeks feedback on whether modifications are needed to the data collected in FERC Form 552 (Annual Report of Natural Gas Transactions) and FERC Form 549E (Price Index Data Providers and Developers).[1] We offer three needed enhancements to ensure reporting of natural gas transactions adhere to the public interest, protect consumers and address America's growing energy affordability crisis:

- Report natural gas transactions quarterly instead of annually, and disclose natural gas transactions by geographic spot market, instead of aggregated nationally as is current practice.
- Consolidate reporting of natural gas transactions by affiliate, as Form 552 often fails to reference or include affiliates that are separately reported.
- Establish an electronic natural gas transaction information system.

Section 1 of the Natural Gas Act declares "that the business of transporting and selling natural gas for ultimate distribution to the public is affected with a public interest, and that Federal regulation in matters relating to the transportation of natural gas and the sale thereof in interstate and foreign commerce is necessary in the public interest."[2] Congress deemed the natural gas industry to be "affected with a public interest" after exhaustive reports to Congress by the Federal Trade Commission determined that American households that were physically connected to gas service required protections as an essential utility service.

[1] www.govinfo.gov/content/pkg/FR-2025-12-18/pdf/2025-23220.pdf
[2] 15 USC § 717(a).

Section 23 of the Natural Gas Act directs the Commission "to facilitate price transparency in markets for the sale or transportation of physical natural gas in interstate commerce, having due regard for the public interest, the integrity of those markets, fair competition, and the protection of consumers."[3]

Natural gas price volatility has grown as record gas exports—primarily through Liquified Natural Gas (LNG)—have radically upended gas flows to accommodate exports at the expense of domestic use. <u>Eight LNG export terminals now consume more natural gas than all 74 million American households with natural gas utility service.</u> Feedgas consumption by these eight export terminals now exceed 20 billion cubic feet per day, with that number expected to rise to 21 billion cubic feet later this year as three new facilities come online. Those numbers are set to explode in the next three years, with LNG export capacity set to double by 2029.[4] The U.S. Energy Information Administration has documented how these record gas exports have increased domestic prices and exacerbated gas price volatility. This increased price volatility requires enhanced regulation and disclosure of natural gas price reporting.

Form 552 Must Include Quarterly Reporting, And Detail Trades And Prices By Geographic Spot Trading Hub

The Commission claims compliance with the Natural Gas Act's Section 23 mandate in part through its existing Form 552. Form 522 is a woefully inadequate tool to ensure natural gas price transparency and the protection of consumers, because it requires only reporting of purchases and sales of natural gas aggregated across the entire year. It omits any reporting by geographic spot market. As the Commission is aware, there are nearly 200 different geographic gas spot hubs where prices, volatility and liquidity of trading vary dramatically. These geographic trading hubs determine the prices that utilities, household consumers and other end-use sectors pay. Reporting that includes company-level natural gas trading by geographic hub would help ensure greater price transparency.

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[3] 15 USC § 717t-2(a)(1).

[4] *North America's LNG export capacity could more than double by 2029*, www.eia.gov/todayinenergy/detail.php?id=66384

Clear precedent to shift Form 552 reporting from annual to quarterly, and to include all transactions by specific geographic hub exists with the Commission's Electric Quarterly Reports, which compel quarterly reporting by specific geographic node.

Currently, such natural gas geographic reporting is done on a voluntary basis and collected by private companies who charge exorbitant fees for access. Trapping price transparency data that Congress deemed to be in the public interest behind a paywall is inconsistent with the clear statutory language of the Natural Gas Act.

Ensure That Form 552 Includes Reference to Affiliates Filing Separate Form 552 Reports

At present, there are repeated instances of affiliates filing separate Form 552 reports that present challenges to the public (and possibly the Commission) to comprehensively identify physical gas trading by affiliates.[5] Form 552 currently provides respondents the option to "choose to either report for all its Affiliates collectively, or may choose to have each of its Affiliates report separately as their own 'Respondent.'" So if a respondent chooses to report its affiliates separately, that reporting fails to note that there are separately filed reports of its affiliate, leaving a sizeable gap in tracking affiliate reporting. The Commission should amend Form 552 to require all respondents to clearly state the name of an affiliate that has filed a separate report, so users may easily be able to track affiliate reporting.

Establish an Electronic Natural Gas Transaction Information System

A natural gas index price is derived from trades within specific geographical boundaries that market participants voluntarily report to a price index developer. Price index developers are private, for-profit companies that classify most of the voluntarily reported data as proprietary, that the index developers then commodify and sell only to those that can afford the very expensive subscription fees.

[5] An issue we raised with the Commission in 2022 www.citizen.org/article/improve-transparency-natural-gas-markets/

These voluntarily-reported transactions determine the price of natural gas for millions of households and businesses across the country, as market participants reference index prices in their physical and financial transactions: natural gas pipelines and Regional Transmission Organizations feature natural gas indices in their FERC-jurisdictional tariffs for various terms and conditions of service; state utility commissions rely on natural gas indices as benchmarks when setting rates; and many natural gas financial derivative contracts used in hedging and speculation settle against the natural gas price indices. In a way, hundreds of billions of dollars of energy transactions rely upon voluntarily-reported price indexes—a 21st century version of a smoke-filled, price-fixing establishment.

Federal law requires the Commission to ensure that spot natural gas price indices feature adequate price discovery and market transparency. Spot natural gas price indices are structurally non-competitive and the voluntary nature of reporting trades renders them susceptible to market manipulation. The rest of the world has been replacing voluntary price indices for benchmarks with far larger economic impacts that U.S. natural gas spot prices, such as replacing the London Interbank Offered Rate (LIBOR) with the Secured Overnight Financing Rate (SOFR).

The Commission should therefore establish an electronic information system, as authorized by 15 USC § 717t–2(a)(4), which states that "the Commission shall consider the degree of price transparency provided by existing price publishers and providers of trade processing services . . . ***The Commission may establish an electronic information system if it determines that existing price publications are not adequately providing price discovery or market transparency***" [emphasis added]. Such "an electronic information system" could be based on <u>actual</u> transactions, and not limited to those voluntarily reported, and would be freely available to all interested parties through a platform hosted by the Commission, rather than the proprietary, commodified data model of the index publishers.[6]

The Commission conceived of the idea of having authority to create its own electronic natural gas price reporting system. In testimony before the House Committee

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[6] A proposal we have made previously: www.citizen.org/article/improve-transparency-natural-gas-markets/ and www.citizen.org/article/natural-gas-spot-prices-in-need-of-reform/

on Energy and Commerce on February 10, 2005, FERC's general counsel Cynthia A. Marlette included in her prepared testimony Price Transparency in Natural Gas and Electric Markets, where she declared:

> *It would be helpful if the Congress clarified the Commission's authority to require the development of an electronic price reporting system, and if the Congress gave the Commission the ability to require all electric market participants to participate in such a reporting system . . . and make it publicly available.*[7]

Respectfully submitted,

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[7] At pages 28-29, www.govinfo.gov/content/pkg/CHRG-109hhrg99906/pdf/CHRG-109hhrg99906.pdf