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## All Natural Gas Market Participants Subject to New FERC Reporting Requirements -- First Report Due May 1

Beginning this year, all natural gas buyers and sellers who meet certain criteria must report natural gas purchases and sales to the Federal Energy Regulatory Commission (FERC) by May 1<sup>st</sup> of each year (to cover the preceding calendar year). The Energy Policy Act of 2005 gave FERC the statutory authority to collect data from all market participants, **including industrial end users**. Therefore, potential respondents do not have to be FERC-regulated companies, such as natural gas pipelines, in order to be required to comply.

Over the course of the past year, FERC has been working to implement this new reporting requirement. The culmination of this effort is Form 552, promulgated and refined in two FERC orders, Order No. 704 and Order No. 704-A, which require certain natural gas buyers and sellers to report annually to FERC information regarding physical natural gas transactions occurring during the prior calendar year.

All natural gas buyers and sellers must complete and file the entire Form 552 by May 1<sup>st</sup> annually if they make "reportable purchases or sales" during the reporting period equal to or greater than the *de minimis* level of 2,200,000 million British thermal units (million MMBTUs). If either reportable purchases or reportable sales are equal to or greater than 2.2 million MMBTUs, then both purchases and sales must be reported. The *de minimis* exemption applies only if both reportable purchases and reportable sales are below the threshold amount.

However, even if your company is below the threshold amount, you may need to file a shorter version of Form 552 with FERC if you are making sales under a FERC-authorized blanket sales certificate. (We believe that most industrial end users and many producers are, in fact, making such sales and therefore will need to file with FERC.) To comply with this new rule, it may be necessary for your company to change your record-keeping procedures to gather the information needed to complete the form.

We would be happy to provide further guidance or to answer any questions you may have regarding these matters.



*If you have any questions regarding this Legal Alert, or the services we provide, please feel free to contact any of the attorneys listed below or the Sutherland attorney with whom you regularly work.*

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