

Natural Gas Market Structure (in 2006), Transparency NOPR, Credit Changes



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*Opinions are those of the presenter, not necessarily of FERC

**Physically
settled**

**Financially
settled**

Intra-day

Next day

Next month

Longer Term

Financially settled

Information Flows

Swing Swaps

Other Swaps

Basis Swaps

Futures Look-Alike

NYMEX Futures And Options

Daily Fixed-Price

Daily Index

Monthly Fixed-Price

Physical Basis

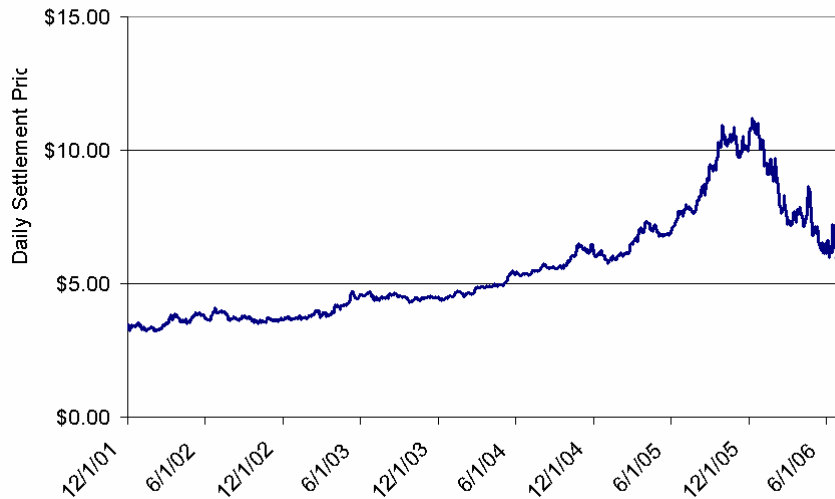
Monthly Index

Term Deals

Physically settled

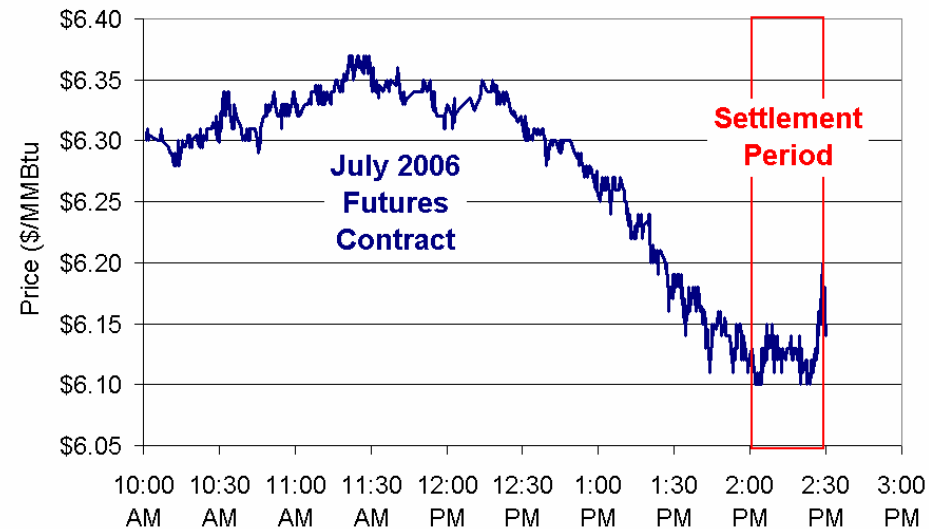
NYMEX Trading and Settlement

Lifetime Trading in July 2006 Futures



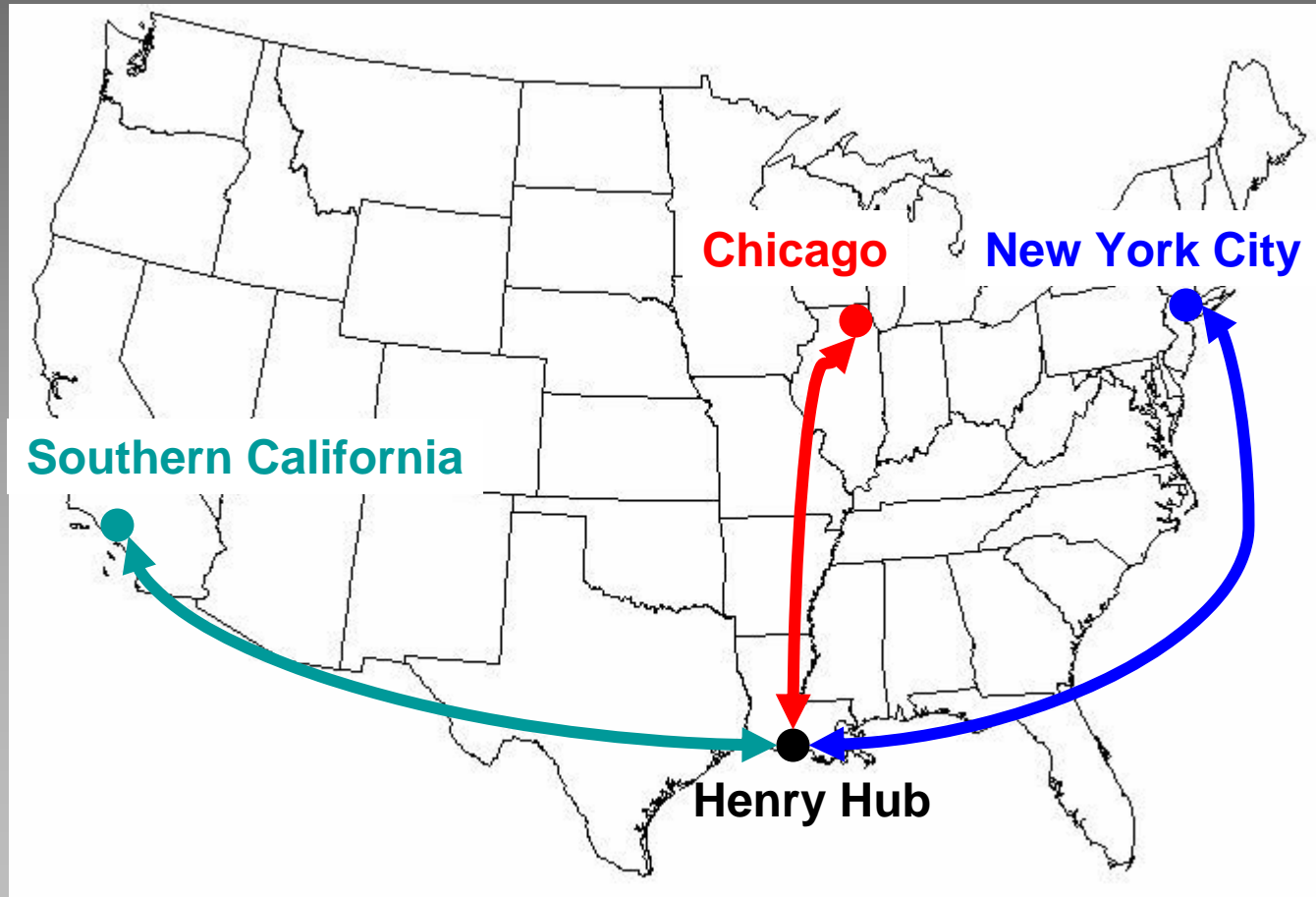
Source: Staff analysis of NYMEX data from Bloomberg

Trading on June 28, 2006



Source: Staff analysis of NYMEX data from Tick Data

Basis is the Difference in Gas Prices Between Henry Hub and other Places

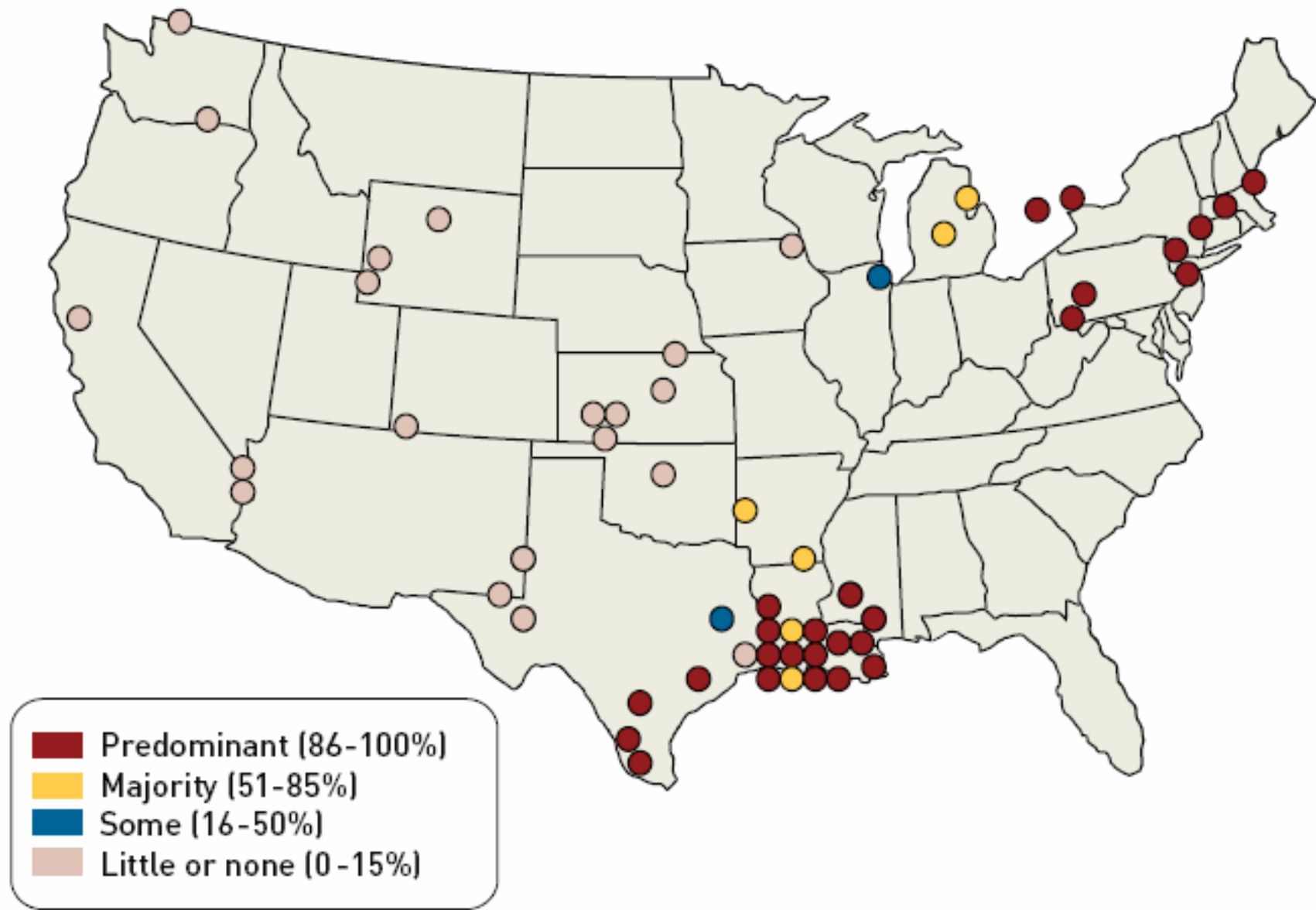


Physical Basis

= NYMEX Henry Hub final
settlement price

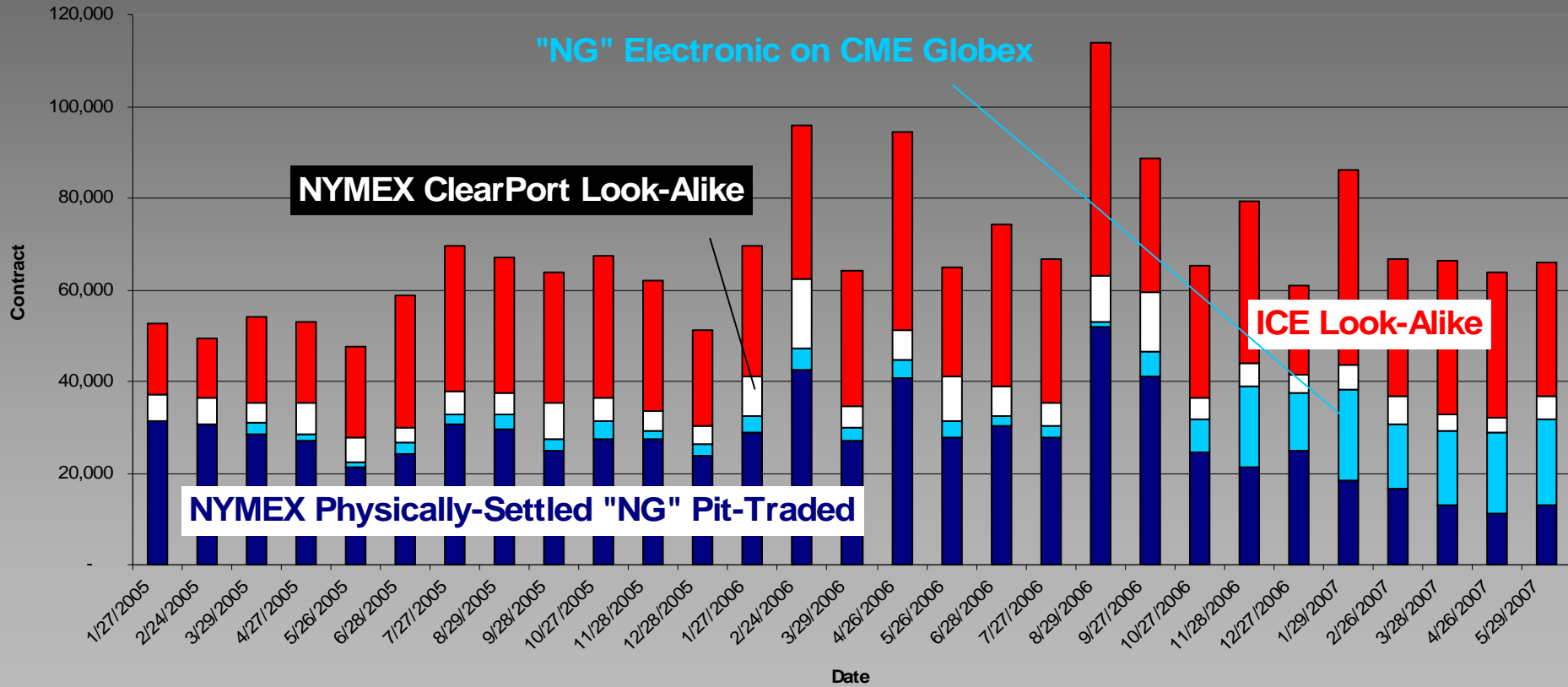
+ Agreed-upon fixed “basis”
price to account for
geographic location

Use of Physical Basis in Natural Gas Price Indices at Major Trading points, 2006

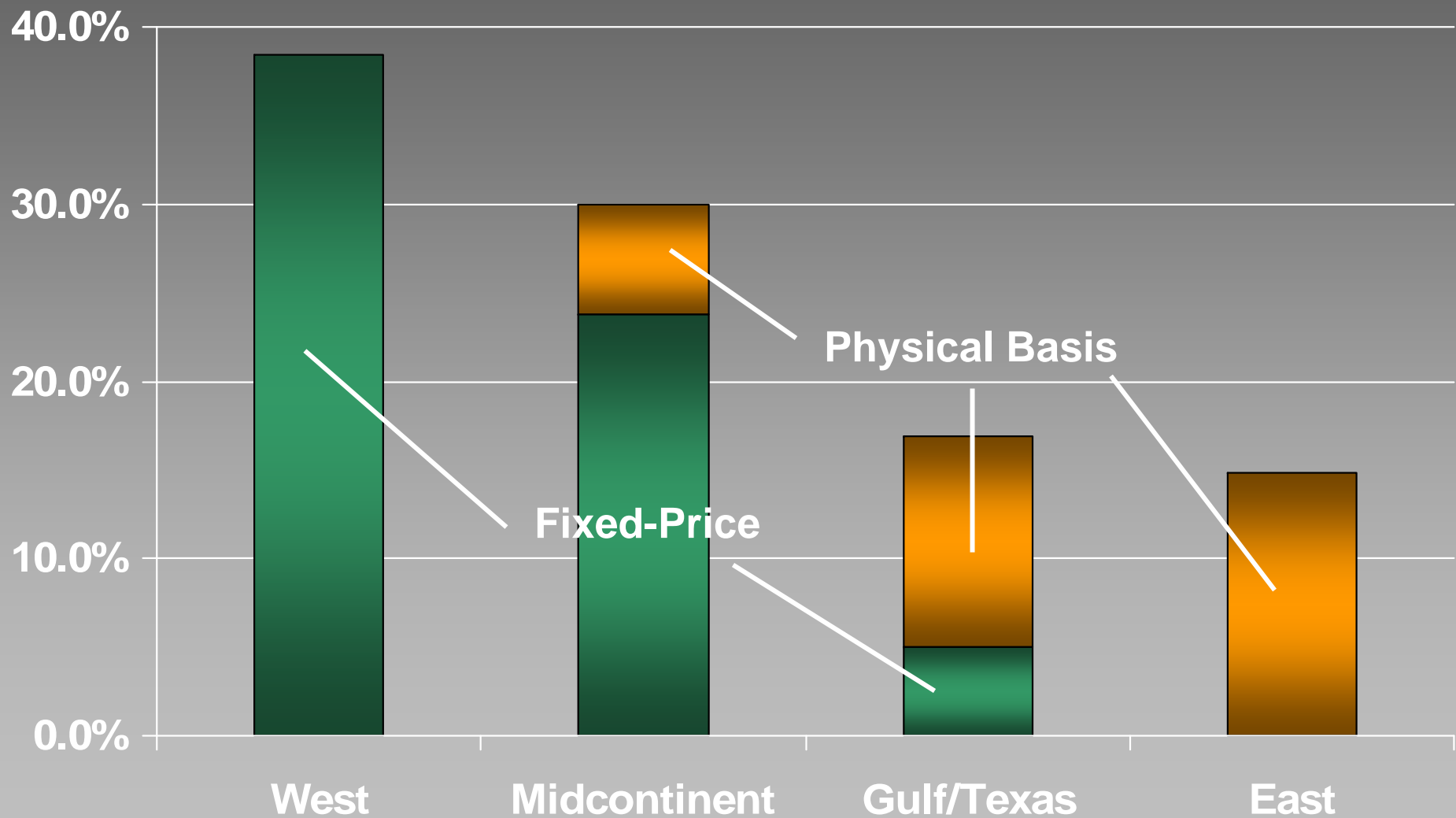


Source: Staff analysis of Platts data.

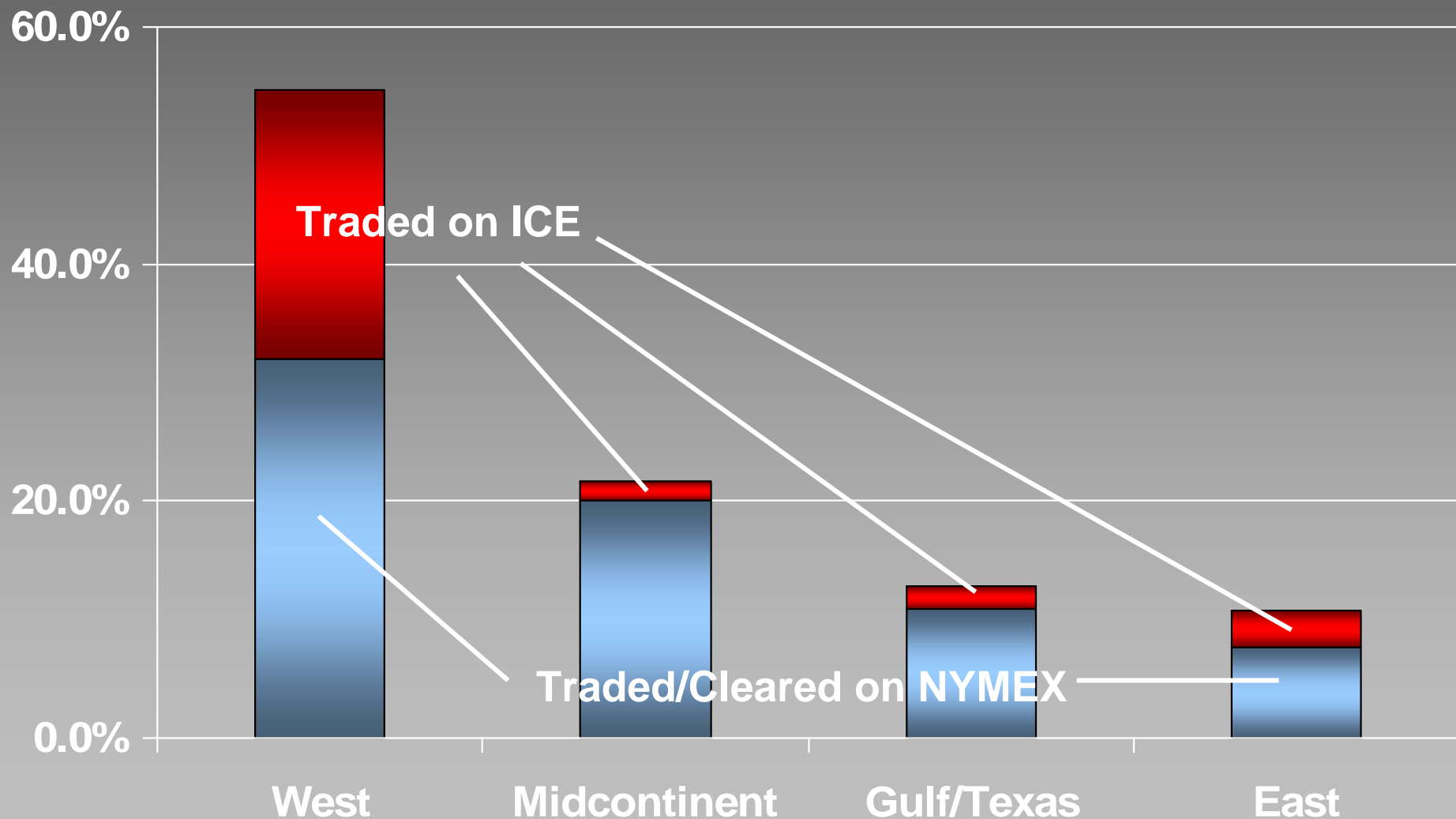
Last-Day Natural Gas Futures ("NG") And Related Trading



2006 ICE Trading Volumes of Next Month Natural Gas by Geography



2006 ICE & NYMEX Trading Volumes of Basis Swaps (Financial) by Geography



Patterns of Trading Both Physical and Financial Differ Across the United States

Price-Setting
Physical
Markets
(ICE Sample)

Financial
Basis
Markets
(not to scale)

Next Day
Fixed Price



Next Month
Fixed Price



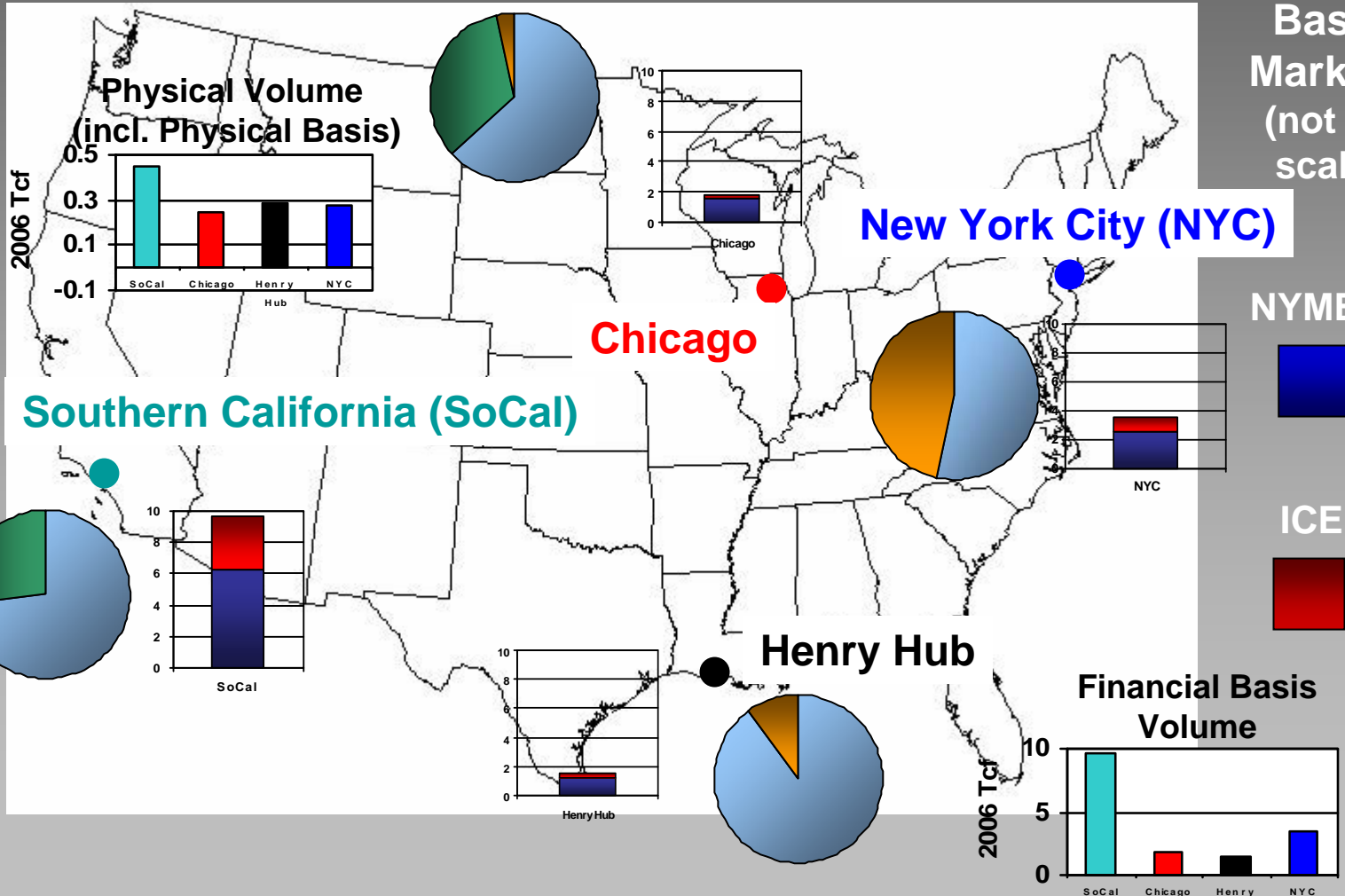
Physical
Basis



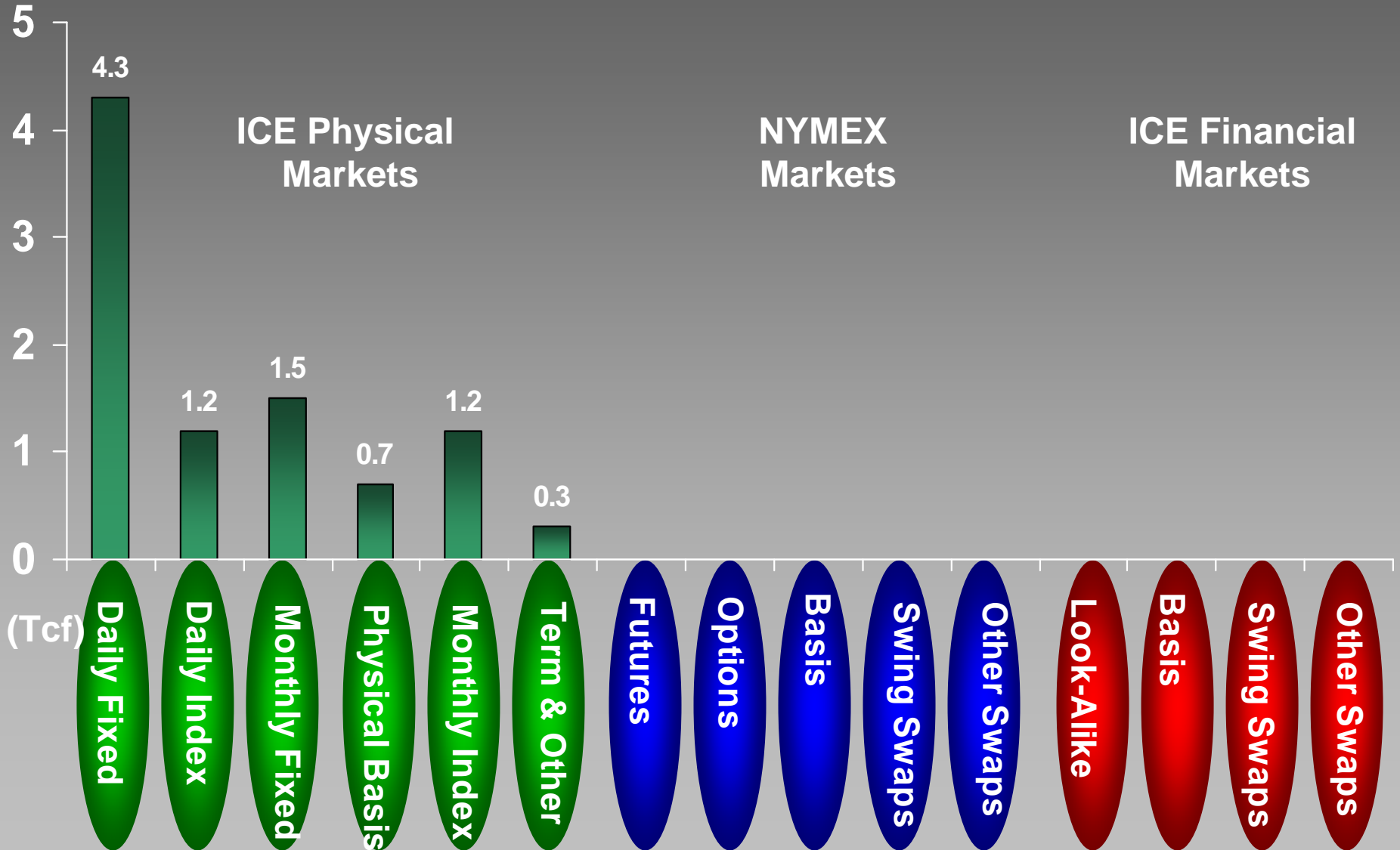
NYMEX



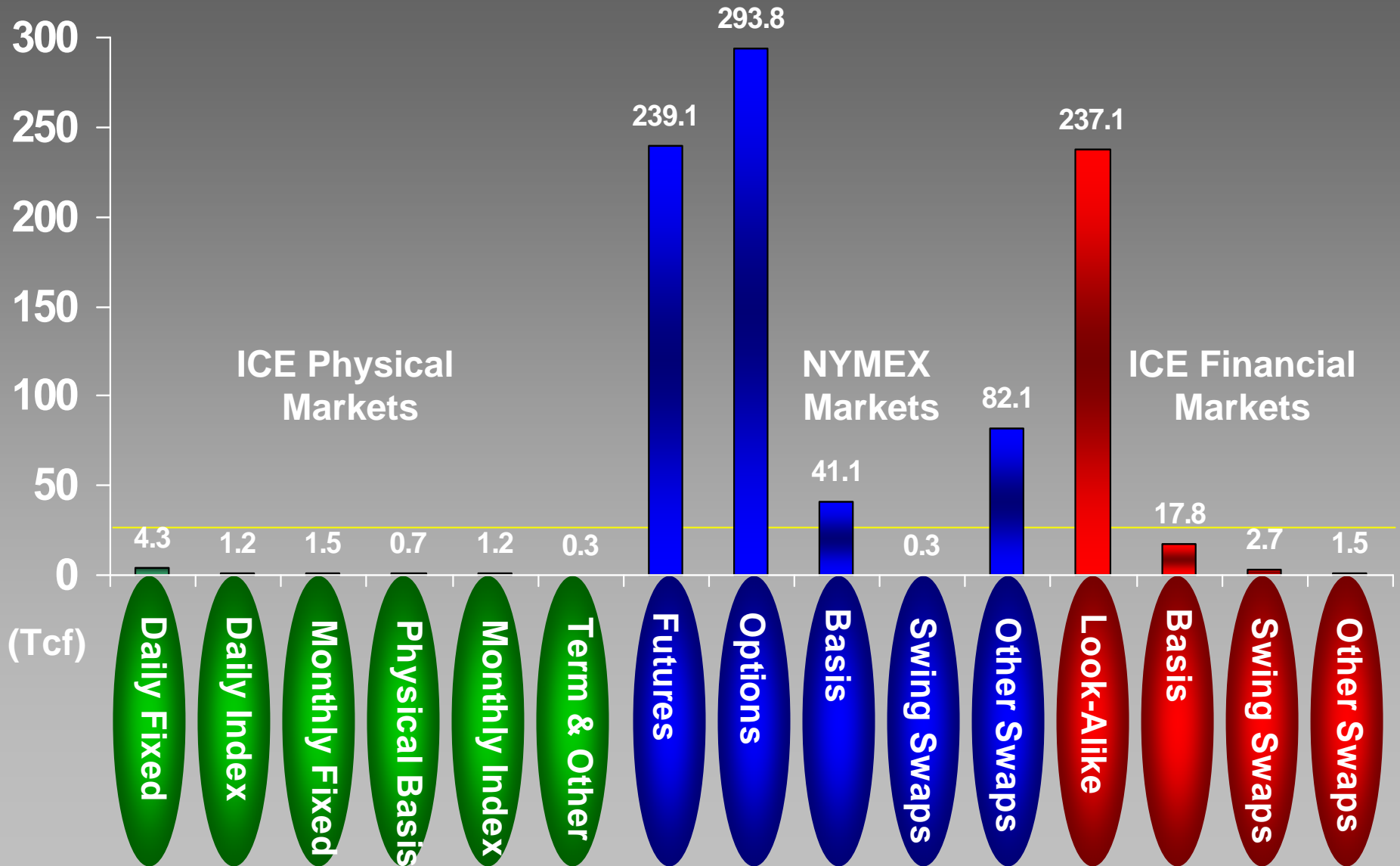
ICE



Total 2006 Trading Volumes of NYMEX and ICE Natural Gas Products



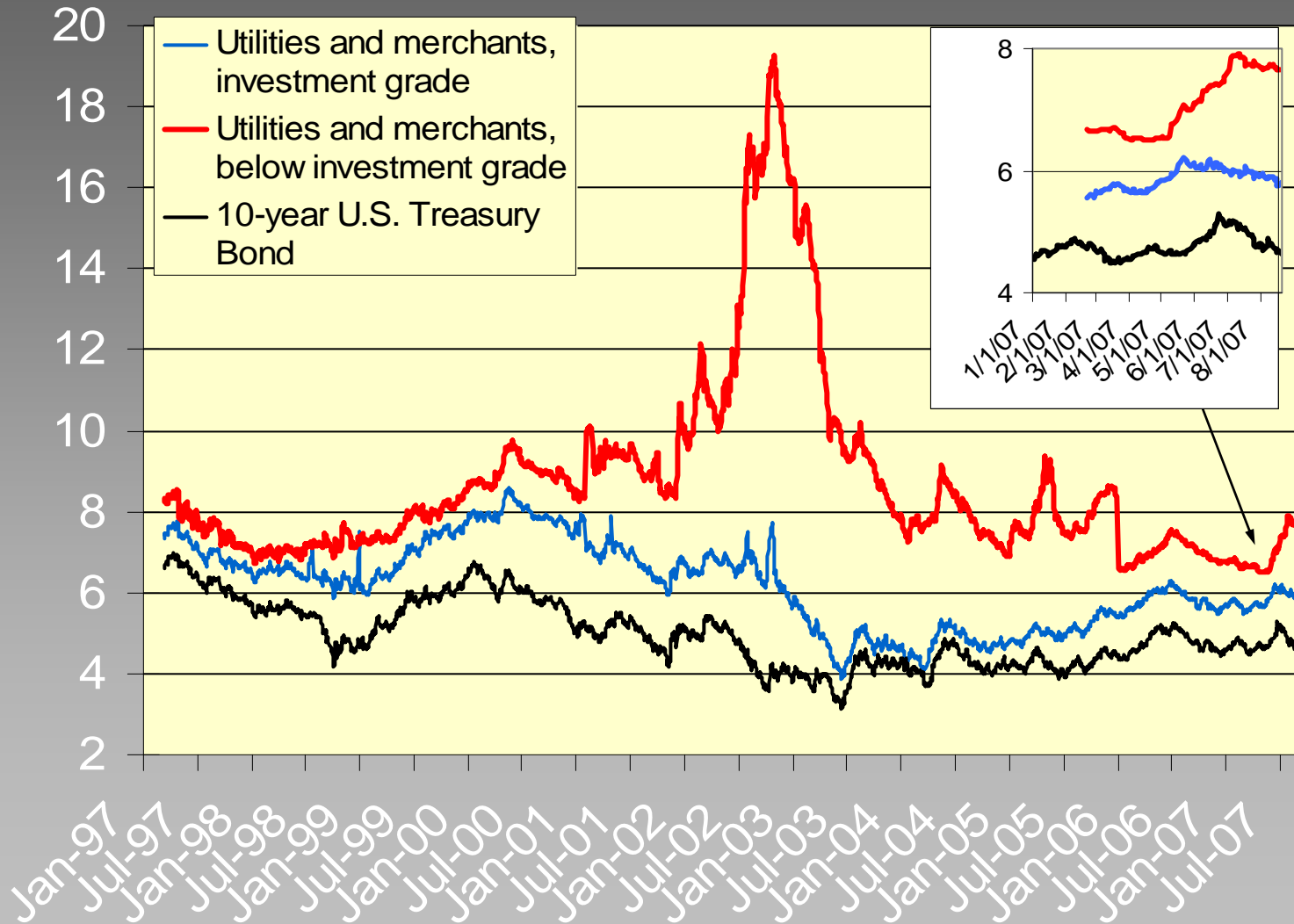
Total 2006 Trading Volumes of NYMEX and ICE Natural Gas Products



Transparency NOPR RM07-10

- **Intrastate Pipeline Postings**
 - Flows and Available Capacities
- **Annual Aggregate Reporting for Transactions**
- **Steps to Date**
 - Issued April 19, 2007
 - Initial Comments due July 11, 2007
 - Workshop July 24, 2007
 - Reply comments due August 23, 2007
 - Order?

Comparative Credit Yields



www.ferc.gov;

Click on Market Oversight for more information.

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