



INTERSTATE  
**Oil & Gas**  
COMPACT COMMISSION

# RESOLUTION 09.104 LONG TERM NATURAL GAS CONTRACTING

OCTOBER, 2009

## RESOLUTION 09.104

### IOGCC RESOLUTION ON LONG-TERM NATURAL GAS CONTRACTING

**WHEREAS**, over the past 25 years, long-term commodity gas and gas transportation and storage transactions have declined; and

**WHEREAS**, the United States must continue to expand its natural gas infrastructure, to accommodate gas supplies from new sources, to meet growing demand and to provide storage accommodating higher peak demands; and

**WHEREAS**, without long-term shipping and storage commitments, financing of critical pipeline and storage infrastructure will be both difficult and expensive, resulting in a detrimental effect on future natural gas market conditions; and

**WHEREAS**, long-term contracting facilitates preferred, long-term financing for large projects and leads to more reasonable transportation prices ultimately borne by consumers; and

**WHEREAS**, a gas supply portfolio may prudently encompass long-term contracts for pipeline and storage capacity supporting new gas production sources and LNG terminals; and

**WHEREAS**, recent market conditions indicate long-term transactions may help assure that sufficient, reliable, affordable pipeline and storage capacity will be available to accommodate new gas supply sources from Alaska, offshore LNG sources and other areas; and

**WHEREAS**, a joint Interstate Oil and Gas Compact Commission/National Association of Regulatory Utility Commissioners task force in 2005 undertook research on this subject and has recommended a portfolio approach that includes both short and long-term gas supply and transportation transactions; and

**WHEREAS**, the National Association of Regulatory Utility Commissioners has adopted a similar policy statement and resolution;

**NOW, THEREFORE BE IT RESOLVED**, that the Interstate Oil and Gas Compact Commission urges state regulators to:

- Recognize the need for long-term transportation and storage contracts which attract long-term, preferred financing of additional gas transportation and storage infrastructure to accommodate future gas demand, while moderating natural gas prices; and
- Consider long-term contracting as a potentially appropriate ingredient in a gas utility's portfolio strategy; and
- Encourage gas utilities to develop long-term strategies for capacity and supply contracts to access new and expanded natural gas and LNG supply sources; and
- Not discourage long-term transportation and storage contracts where the record merits their encouragement; and
- Consider pre-approval of long-term contracts.

**History:**            *Approved September 2007*  
                          *Reauthorized October 2009 as resolution 09.104*