



NEWS

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NGSA Annual Analysis of Pipeline ROEs Shows “Junk and Jewel” Pipelines Among Highest Over-Earners

(Washington, D.C.) – The Natural Gas Supply Association’s (NGSA) released its [2024 Pipeline Cost Recovery Report](#) today, concluding that the 20 major interstate natural gas pipelines in the study over-recovered a net total of \$5.4 billion over the 5-year period from 2019-2023.

The NGSA report also found that six of the eight highest earners in this year’s study were named in [comments](#) and [exhibits](#) submitted to the Federal Energy Regulatory Commission (FERC) by a coalition of pipeline shippers requesting a rule to preclude the pipeline practice of packaging valuable segments of capacity with non-contiguous segments of little-to-no value, also known as “junk and jewel.”

The NGSA Pipeline ROE analysis examined the returns on equity (ROEs) of 20 major interstate pipelines from 2019-2023 against a benchmark ROE of 12%. ROEs above the 12% benchmark were considered over-earning.

Casey Hollers, NGSA’s Senior Director, Regulatory Affairs and Policy, said:

“We believe the higher returns for several pipelines could be partly due to the revenue boost created when pipelines bundle high-value capacity with unrelated, non-contiguous capacity of low- or no-value. Six of the top eight earners in this year’s study turned out to be pipelines that were identified by a coalition of shippers as having captured the greatest amount of excess revenues from these ‘junk-and-jewel’ transactions in 2023.

“NGSA supports healthy returns for interstate pipelines so that they can invest in necessary infrastructure. However, like other pipeline shippers, NGSA has an interest in ensuring that FERC reviews pipeline rates when there is evidence that a pipeline has substantially exceeded a reasonable level of earned ROE over a sustained period.”

The report found that the average earned ROE for 15 of the 20 pipelines in the study met or exceeded a 12% benchmark over the last five years (2019-2023), with an average earned ROE over that period of 16.2% amounting to a net over-recovery of about \$5.4 billion.

This is NGSA’s 24th annual evaluation of earnings by major interstate natural gas pipelines. To learn more about this annual report or about ‘junk and jewel,’ visit NGSA’s [Infrastructure and Rate Regulation](#) page.

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The Natural Gas Supply Association (NGSA) represents integrated and independent companies that supply natural gas. Founded in 1965, NGSA is the only national trade association that solely focuses on producer-marketer issues related to the downstream natural gas industry. NGSA advocates for well-functioning markets that foster a growing, competitive market for natural gas. NGSA is dedicated to achieving a cleaner future through strong partnerships with renewables and supporting innovative technologies and market solutions that reduce emissions. For more information, please visit www.ngsa.org.

Markets Matter: Representing America's Major Producers and Suppliers of Natural Gas Since 1965