NGI to Increase Decimal Point Precision of Price Indexes and Modify Methodology to Allow for Price Assessments When Necessary

September 5, 2018

Dear Subscribers,

As previously announced, and as part of our ongoing effort to provide the highest quality natural gas price information, *NGI* will increase the decimal point precision of our rounding from the nearest cent to the nearest half-cent in our *Gas Price Index (GPI)* services and newsletters beginning October 1st, 2018. In addition, *NGI* will be prepared to assess prices at index locations in certain instances in the absence of verified trade reports, if this were to ever become necessary. The following price tables in the following reports would be affected by these changes:

1. *NGI's Daily Gas Price Index*
2. *NGI's Weekly Gas Price Index*
3. *NGI's Bidweek Survey*
4. *NGI Bidweek Alert*
5. *NGI's Shale Daily*

Increasing Decimal Precision to the Nearest Half-Cent

While *NGI* price tables and data feeds have remained materially unchanged over the long history of our company, we are now changing the way we present prices in the *Daily GPI, Weekly GPI, Bidweek Survey, Bidweek Alert* and *Shale Daily*. In order to offer our customers a greater degree of precision, and to make our prices more directly comparable not only to other alternatives but also to *NGI's* forward curves, *NGI* will begin displaying prices out to the half-cent beginning October 1st, 2018. Below is an example of how this will work:

Current vs New Decimal Precision

Example Location With Four Trades

	Price	Volume
Trade 1	2.02	5
Trade 2	2.02	5
Trade 3	2.07	10
Trade 4	2.07	10
Calculated Weighted Avg	**$2.05333**	
Published Price Under Current Rounding Scheme (Nearest Cent)	**$ 2.05**	
Published Price Under New Rounding Scheme (Nearest Half-Cent)	**$ 2.055**	

In the above example, we have a location made up of four trades that result in a volumetric weighted-average price of $2.05333. Under *NGI's* current rounding scheme, such a price would be rounded to $2.05 (rounded to the nearest cent), whereas under the new rounding method, the published price would be shown as $2.055 (rounded to the nearest half-cent).

Under the new rounding scheme, all published averages and high/low ranges will be shown to the nearest half-cent. In rounding the high/low ranges, we will continue to round up at the top of the range and down at the bottom of the range.

Providing Natural Gas Price Assessments When Necessary

NGI always has been a leader when it comes to our efforts to increase reporting participation and overall liquidity in North American natural gas price indexes. We became the first natural gas price reporting agency to incorporate Intercontinental Exchange (ICE) data into our indexes in 2008, and since then, we have continued to work with companies to help them understand the benefits of contributing to the voluntary system of price reporting.

While we strive to construct each of our price indexes from actual market deals, we also understand that, under certain circumstances, there may be times when there is not a sufficient number of reported deals from which to determine a volumetric weighted-average price. Under such circumstances, it may be necessary for *NGI* to take into account other factors including, but not limited to, locational basis relationships, transportation rates, and historical pricing trends in order to assess what a price would have been for flow dates in question.

Should *NGI* assess a price in a manner other than a volumetric weighted-average, such an assessment would be designated in the following ways:

Published PDF Newsletters & Web-based Price Tables

In our PDF newsletters (ex. *NGI's Bidweek Survey*) and their corresponding online price tables, *NGI* would designate an assessed price by appending an asterisk.

Additionally, *NGI* would provide an assessment rationale in a footnote to these PDF and Web-based Price Tables.

Datafeed Services

NGI's data is offered via web and FTP. Price locations that have been assessed would be denoted with a 0 volume. It is neither feasible nor practical to include an assessment rationale in these data files as errant text or characters would break the scripts and processes that are set up to consume these data. Please contact info@naturalgasintel.com to be added to the distribution of *NGI's* PDF files that will include assessment rationales, where/when applicable.

If you have any questions or comments regarding these changes, please contact Dexter Steis dexter.steis@naturalgasintel.com (703) 318-8848 or Patrick Rau pat.rau@naturalgasintel.com (347) 385 -8412. We welcome your feedback.

Regards,

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