

# WEST VIRGINIA CODE: §24-2-16

## **§24-2-16. Anticompetitive clauses in natural gas contracts prohibited.**

(a) Unenforceable clauses: Any provision of any contract for the sale of natural gas, which is or becomes utility natural gas, including any contract in existence on or before the date of enactment of this section, is hereby declared against public policy and unenforceable to the extent that such clause requires the utility to buy more than a reasonable amount of gas at a greater than reasonable price if such provision includes:

(1) A take-or-pay clause which commits the purchaser to take delivery of a minimum volume of natural gas; or

(2) An indefinite price escalator clause which has been defined in the Natural Gas Policy Act, section 105(b)(3)(B), 15 U.S.C.A., section 3315(b)(3)(B), as any provision of any contract:

(i) Which provides for the establishment or adjustment of the price for natural gas delivered under such contract by reference to other prices for natural gas, for crude oil, or for refined petroleum products; or

(ii) Which allows for the establishment or adjustment of the price of natural gas delivered under such contract by negotiation between the parties; or

(3) A most favored nation clause which accords to the transaction, presently or in the future, the highest price prevailing in the region for similar transactions.

(b) Commission review: Upon application made by the utility, or upon its own motion, the commission may hold hearings after notice as to the reasonableness of the quantity and price of gas purchased pursuant to such contracts.