

Recent regulatory changes permitted natural gas pipelines to become "open access" transporters. This change in pipeline carrier status dissolved regulatory barriers to markets. In this paper, we describe the institutions that were developed to support exchange in gas markets, and we observe and evaluate their emergence, evolution and performance. The evidence reveals that gas markets rapidly emerged with the dissolution of regulatory barriers. Spot gas prices converged and became highly correlated; within four years there was a national market for natural gas.