

AGENDA

Meeting of the “NFP Energy End User Coalition”

National Rural Electric Cooperative Association,
American Public Power Association and
American Public Gas Association
Large Public Power Council

With Staff of the
Commodities Futures Trading Commission
Washington, D.C.

September 15, 2010

I. The “Not-For-Profit Energy End User Coalition”

- A. Description of consumer-owned coalition members
- B. “Mission critical” to American consumers and businesses – reliable, affordable natural gas and power
- C. Unique end user group –
 - 1. Comprehensively regulated energy industry – we are relatively small participants, with local ownership and control, cost of service-based rates to retail consumers, and public service obligations to serve all consumers in service territory
 - 2. Extensive environmental regulations; renewable energy standards in many states
 - 3. Need regulatory certainty and long-term planning to meet public service requirements of infrastructure business
 - 4. Not-for-profit entities – large and small entities, but for each, all costs are borne directly by consumers
 - 5. Most have few assets available to be used as collateral/margin, and do not hold non-operating cash reserves, accounts or credit lines
 - 6. Energy and energy-related transactions, which may be “swaps” under DFA, are intrinsically tied to the physical commodity business
 - 7. At larger NFP EEU entities, energy supply, fuel procurement and environmental staffs are sophisticated – part of our core commercial operations

8. Our affiliated entities are not typical corporate or independent entity structures. Example -- FPA 201(f) transactions
 9. Most members do not regularly use, and do not have the back office resources to use, exchange markets/cleared markets. Majority of transactions are bilateral, not on ECMs or EBOTs
 10. Most members do not regularly post or accept/hold/administer collateral or margin; their contract relationships are unsecured
- D. Our involvement is in a very narrow portion of the global OTC derivatives or “swaps” markets
 - E. As consumer-owned or government entities, we take risk management and compliance seriously

II. Significant commodity end user issues, that the Coalition shares, include:

- A. Need to clarify deadlines regarding pre-enactment non-cleared swap reporting by end users – the “interim final rule” in DFA 729, CEA 4r(a)(2)(B) – **deadline October 19, 2010**

III. Significant energy end user issues, that the Coalition shares, include:

- A. CEA 2(h) petitions to continue exemption for all “exempt commodities” (or at least all energy and energy-related, whether ECM/EBOT transactions or bilateral transactions) for 1 year – changes to existing business practices and systems and operational challenges are significant for our members in terms of time and cost
- B. “Tariff energy transactions” exemption process and timeline
- C. FERC/CFTC MOU process – **deadline January 17, 2011**
- D. Position limits and large trader reporting – **deadline January 17, 2011 for “exempt commodities”**

IV. Unique issues of importance to the Coalition

- A. Definition of “commercial risk” for a not-for-profit entity
- B. “Between 201(f) transactions” exemption process and timeline
- C. Our affiliated entities are unique
- D. SD and MSP duties regarding “special entities”
- E. Record-keeping and reporting requirements – burden/benefit analysis

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