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October 11, 2012

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Stacy Yochum, Secretary
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Re: REQUEST FOR INTERIM NO-ACTION RELIEF FOR FERC REGULATED PRODUCTS (AS DEFINED HEREIN) UNTIL THE COMMISSION TAKES FINAL ACTION WITH REGARD TO THE PENDING QUESTIONS IN THE SWAP DEFINITION RULE

Ladies and Gentlemen:

On August 13, 2012, the Commodity Futures Trading Commission (“CFTC” or “Commission”) published its release on the “Further Definition of Swap, Security-Based Swap, and Security-Based Swap Agreement; Mixed Swaps; Security-Based Swap Agreement Recordkeeping” (the “Swap Definition Rule”). *See* 77 Fed. Reg. 48208. Included in the Swap Definition Rule was a “Request for Comment” that included a series of questions related specifically to “capacity contracts, transmission (or transportation) service agreements, peaking supply contracts, [and] tolling agreements.” *See* 77 Fed. Reg. at 48242. For the electric and natural gas industries, each of these contracts share a common trait – they are all contracts for products regulated by the Federal Energy Regulatory Commission (“FERC Regulated Products”). According to the Swap Definition Rule, the Commission’s Request for Comment was intended to evaluate whether the CFTC’s “interpretation [is] sufficiently clear” with respect to these FERC Regulated Products. *Id.*

Pursuant to Commission Rule 140.99,¹ the International Energy Credit Association (“IECA”) respectfully requests that the appropriate divisions of the Commodity Futures Trading Commission (the “Commission”) grant no-action relief to all entities that offer to act or act as counterparties in swap transactions involving FERC Regulated Products, from requirements of the Commodity Exchange Act (the “CEA”) and the Commission’s regulations thereunder applicable to swaps (other than the Commission’s general anti-fraud and anti-market manipulation provisions), for the interim period described below.

While the Commission is questioning whether these regulations are “sufficiently clear,” and the electric and natural gas industries prepare and submit their comments on these pending questions, the industries will nevertheless be required to begin compliance with these same regulations. In this regard, the deadline for comments is October 12, 2012, the same day that the Swap Definition Rule goes into effect. As noted by the Honorable Commissioner Chilton, in a speech dated Friday, October 5, 2012, the pending questions “deserve [the Commission’s] careful, deliberate, thoughtful consideration and resolution.” The IECA² agrees based on the number of concerns its members are raising with regard to these pending questions on FERC Regulated Products.

FERC’s oversight of these types of contracts factors into grid reliability and other continuity of service considerations that are unique to the electric and natural gas industries and should not be underestimated. Because of the potential impacts these new regulations have on this nation’s energy markets, and the implicit desire of the Commission not to harm the electric and natural gas industries, the IECA submits that it would be in the best interest of the CFTC and the electric and natural gas industries to “pause and take a breath,” an option the Honorable Commissioner Chilton recently endorsed.

Accordingly, the IECA respectfully requests that the CFTC grant interim no-action relief for contracts, service agreements and transactions for FERC Regulated Products that are authorized pursuant to tariffs currently on file with (or which will be filed) with FERC until at least 120 days after the Commission finalizes the Swap Definition Rule (which may include making no further changes) based on the questions pending in that rule. This will provide the necessary relief to the electric and natural gas industries while the Commission considers the industries’ responses, and will provide the Commission with additional time to comply with the Dodd-Frank Act’s directives and to consider the various other industry related requests, such as the IECA’s request for an extension of the compliance date for book-out confirmations filed on September 21, 2012. Moreover, such relief will benefit the CFTC and the electric and natural gas industries by eliminating unnecessary confusion and potentially costly misinterpretations of the new regulations which are still being finalized.

For all of the aforementioned reasons, IECA respectfully requests that the appropriate divisions of the Commission grant the no-action relief. Due to the immediately pending implementation deadlines, the IECA respectfully requests expedited treatment by October 12,

¹ 17 C.F.R. § 140.99.

² The IECA is not a lobbying group. Rather, we are an association of several hundred energy company credit management professionals grappling with credit-related issues in the energy industry. Our members’ concerns regarding the Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“DFA” or “Dodd-Frank Act”) have led us to submit numerous comments to the Commission on its rule-makings under the DFA.

2012. Correspondence with respect to this request for relief should be directed to the following individuals:

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This letter represents a submission of the IECA, and does not necessarily represent the opinion of any particular member thereof.

Yours truly,
INTERNATIONAL ENERGY CREDIT ASSOCIATION

/s/
Phillip G. Lookadoo, Esq.
Reed Smith, LLP

/s/
Jeremy D. Weinstein
Law Offices of Jeremy D. Weinstein

I hereby certify that the material facts upon which the IECA's no-action request are based are true and complete to the best of my knowledge, information and belief. In addition, I hereby agree that, if any time prior to issuance of a no-action letter, any material statement made in this letter ceases to be true and complete, I will ensure that the Commission Staff is informed promptly in writing of all materially changed facts and circumstances.

/s/

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Counsel for the IECA

cc: Honorable Gary Gensler, Chairman
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Honorable Jill E. Sommers, Commissioner
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