



March 25, 2011

Re: Dodd-Frank Act Title VII Implementation letter to the Congress

Dear Senator:

The undersigned energy trade associations, whose members serve virtually all electric and natural gas consumers in the U.S., urge Congress to extend the statutory deadline for the promulgation of derivatives rules set forth in section 712 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”). We also urge Congress to direct the regulatory agencies to promulgate these rules so that the basic definitions are issued prior to other rules that rely upon them.

We support the overarching goals of the Dodd-Frank Act to bring greater transparency and oversight to derivatives markets and to address systemic risk to the economy. We have appreciated the openness of the financial regulatory agencies in seeking input from different market participants during the implementation process and complement them for their hard work. The Dodd-Frank Act, however, left many important issues to be resolved by regulators and set impractically tight deadlines on rulemakings before agencies, like the Commodity Futures Trading Commission, charged with implementation. To further complicate matters, many of the issues raised by scores of rulemakings are interrelated. As a result, interested parties are unable to comment on the proposed rules in a meaningful way, because they cannot know the full effect of the complete universe of proposed rules.

Our members use natural gas extensively as a fuel to generate electric power, as well as to distribute natural gas to consumers in their homes. Utilities also purchase electricity from generators and marketers to meet anticipated consumer demand. To provide customers with reliable service at affordable and stable rates, it is essential that our members are able to cost-effectively manage the price volatility inherent in wholesale commodity markets for natural gas and electric power. Congress recognized the value of the over-the-counter derivatives markets as an extremely effective tool to hedge commercial risks on behalf of energy consumers when it established an end-user exception to clearing.

Given the importance of these issues, robust participation by stakeholders and thoughtful consideration by regulators is absolutely critical. The complexity and sheer number of the rules that must be written calls for more time for stakeholders to comment meaningfully, and for regulators to develop a carefully calibrated regulatory system that will protect the economy and investors, while promoting job growth and investment. To further promote smart rules for the markets, the individual rulemakings need to be sequenced properly such that key definitions are promulgated prior to the issuance of rules affected by them.

The energy end-user community is grateful for Congress’s efforts to help ensure the country’s future economic stability and prosperity. We look forward to continuing to work with Congress

and regulators to help implement rules that will strengthen the derivatives market without unduly burdening energy end-users and the economy at large. We are available to meet with you at your convenience to discuss the possibility of a deadline extension, the need for proper sequencing of derivatives rules, or other issues related to Dodd-Frank in more detail.

Sincerely,

American Gas Association
American Public Power Association
American Exploration & Production Council
Edison Electric Institute
Electric Power Supply Association
Independent Petroleum Association of America
Large Public Power Council
National Rural Electric Cooperative Association
Natural Gas Supply Association