



U.S. COMMODITY FUTURES TRADING COMMISSION

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CFTC Advisory No. 14-20
Other Written Communication
February 25, 2014
Division of Market Oversight
Division of Clearing and Risk

Advisory with respect to the scope of potential transactions covered by the Order providing exemptive relief for electric energy markets administered by certain Regional Transmission Organizations and Independent System Operators

I. Introduction and Background

The Commodity Futures Trading Commission (“Commission”) recently issued a final order (“Order”) that exempts certain specified transactions of Regional Transmission Organizations (“RTO”) and Independent System Operators (“ISO”) from certain provisions of the Commodity Exchange Act (“CEA”) and Commission regulations.¹

II. Clarification with respect to the scope of Covered Transactions

Staff in the Division of Clearing and Risk (“DCR”) and the Division of Market Oversight (“DMO”) has received inquiries regarding the following statement made in the Commission’s discussion of the Order’s Energy Transactions definition:

The Commission notes that financial schedules and internal bilateral transactions are the subject of a separate request for supplemental relief filed by [California Independent Service Operator Corporation] and [ISO New England, Inc.] and, therefore,

¹ Final Order in Response to a Petition From Certain Independent System Operators and Regional Transmission Organizations To Exempt Specified Transactions Authorized by a Tariff or Protocol Approved by the Federal Energy Regulatory Commission or the Public Utility Commission of Texas From Certain Provisions of the Commodity Exchange Act Pursuant to the Authority Provided in the Act, 78 FR 19880 (April 2, 2013), available at <http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2013-07634a.pdf>.

the Commission is taking no position in this [Order] with respect to those products.²

DCR and DMO advise market participants that nothing in this statement should be read to imply that the scope of the Order's Covered Transactions does or does not include the transactions referenced by the statement. Any transaction may qualify as a Covered Transaction, regardless of its title or status as an item under consideration by the Commission, so long as it falls within the definitions in the Order of "Financial Transmission Rights," "Energy Transactions," "Forward Capacity Transactions," or "Reserve or Regulation Transactions," is offered or sold in a market administered by one of the petitioning RTOs or ISOs pursuant to a tariff or protocol that has been approved or permitted to take effect by FERC or PUCT, and complies with all other enumerated terms and conditions in the Order.

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Issued in Washington, D.C. on February 25, 2014, by DCR and DMO.

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² Id. at 19887 n.93.