



Jeff Walker

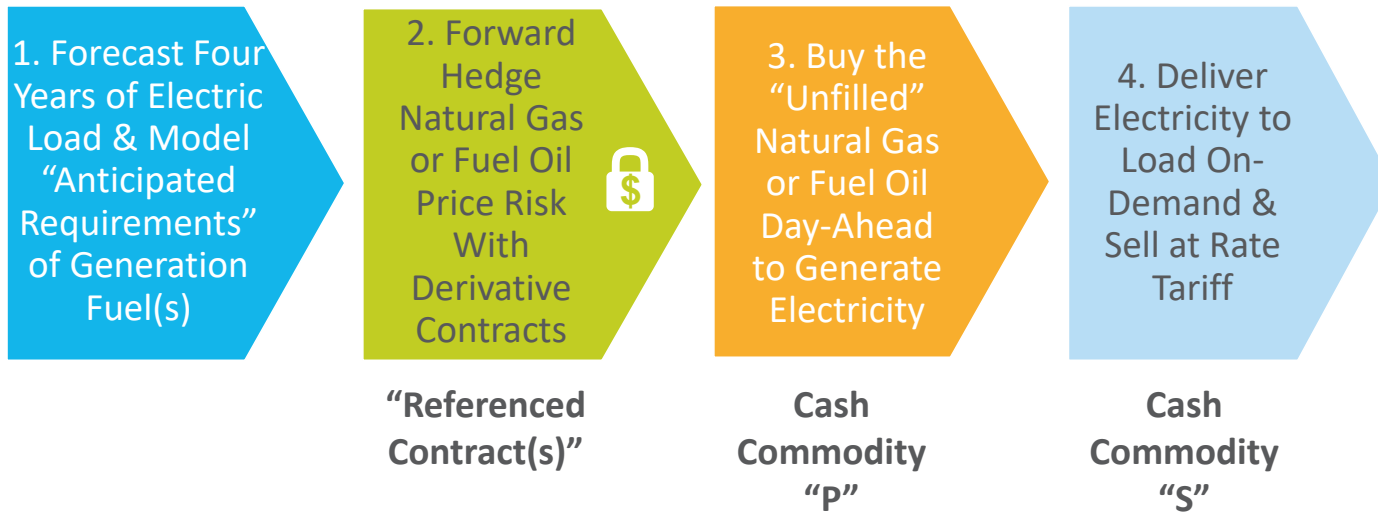
CFTC EEMAC Meeting – Panel II

May 7, 2020

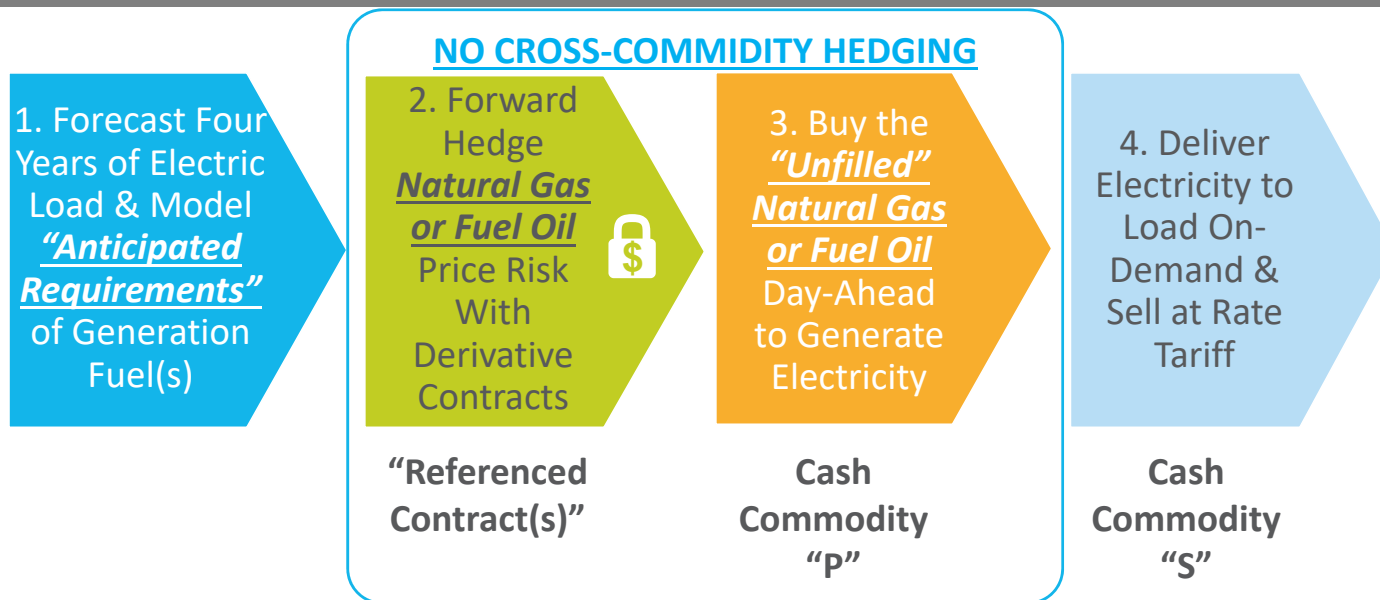


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Electric Generation Fuel Fact Pattern

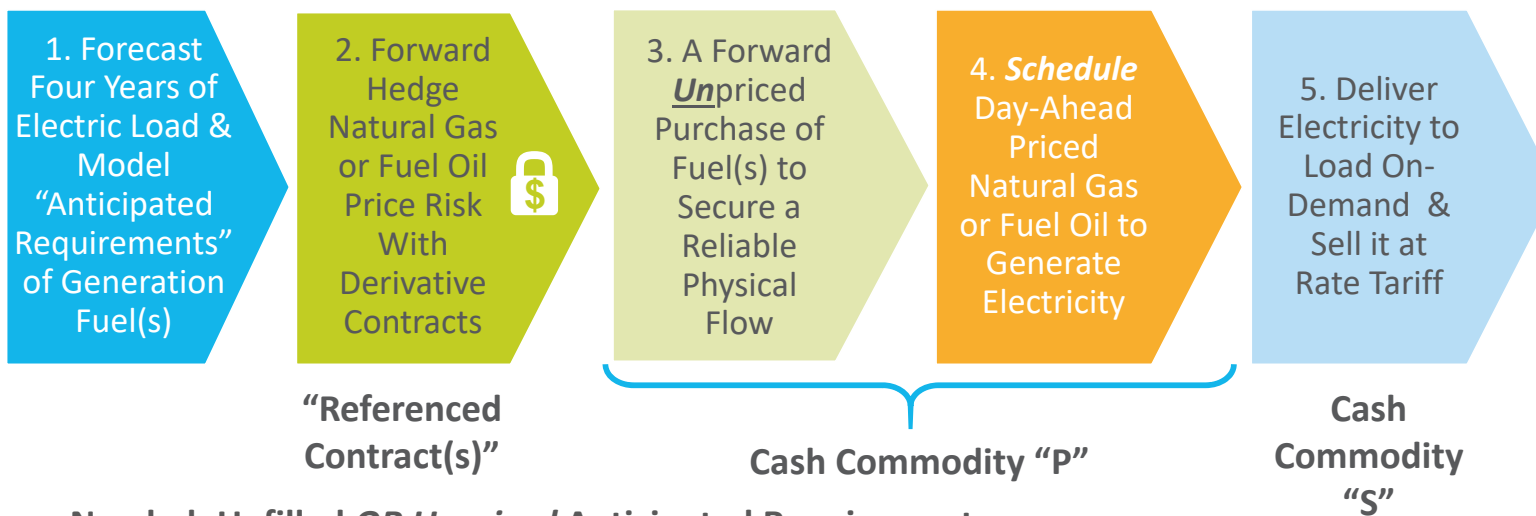


Unfilled Anticipated Requirements



Good News: This "Unfilled," Matched-Commodity Fact Pattern is Enumerated

Unpriced Anticipated Requirements



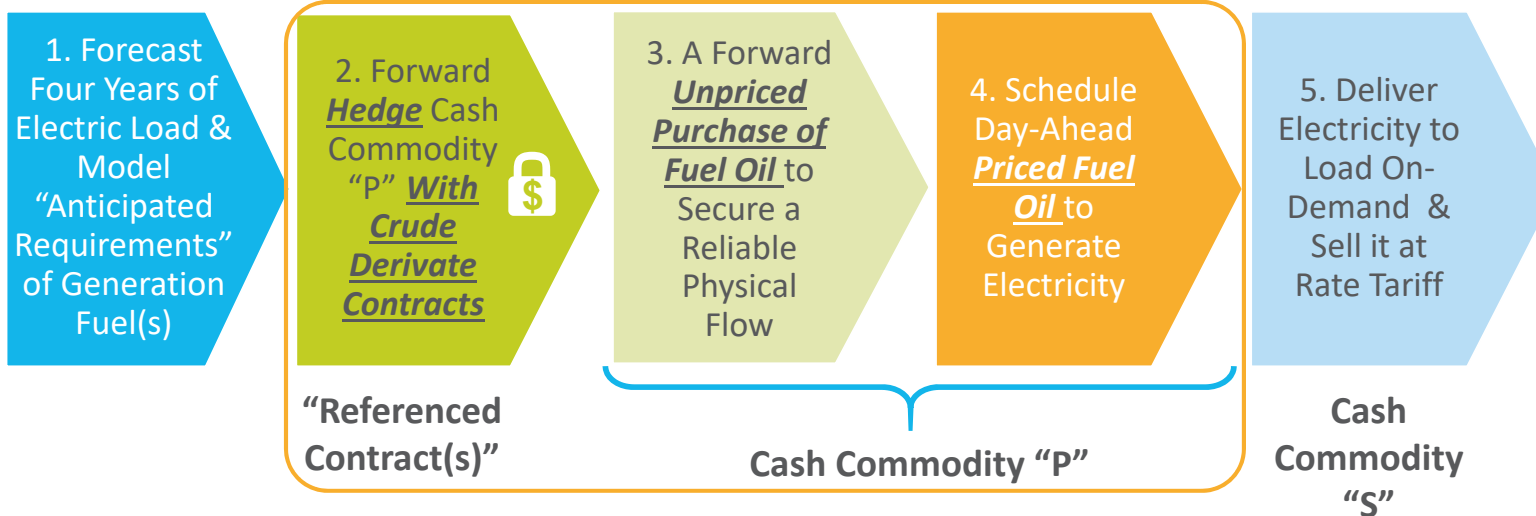
Needed: Unfilled OR Unpriced Anticipated Requirements

- Define "Unfilled" Accordingly, or
- Extend the Exemption

Cross-Commodity Hedges



Cross-Commodity Enumerated Hedging is When the Referenced Contract's Underlying Commodity Differs from Cash Commodity "P" Below



Needed: In the Scope of (a)(5) Cross-Commodity Hedges, Include (a)(10) Unfilled [or Unpriced] Anticipated Requirements

Some Bilateral Electric Transactions Similar to **Fuel Hedging**



Forward Months'
Unpriced Wholesale
Electric
Transactions

- Lock in Conversion of Natural Gas to Electric Energy
- Satisfy Capacity Reliability Requirements

Use Natural Gas
Derivative
Contracts to
Hedge Forward
Electric Energy
Price Exposures



Daily Electric
Energy Delivered
is Priced Directly
to Natural Gas
Daily Indices

- **The Asks Are Identical**
 - **Unfilled [or Unpriced] Anticipated Requirements**
 - **Cross Commodity Scope Includes Anticipated Requirements**

Beyond Enumerated Hedging

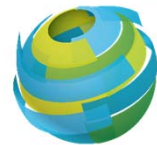


- Commercial End-User Compliance Requirements
 - Below Position Limits
 - Exceeding Position Limits
- Not-for-Profit Energy Utility Exemption Concept
 - Request for Comments



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