



U.S. Commodity Futures Trading Commission
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Timothy G. Massad
Chairman

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September 13, 2016

The Honorable John N. Boozman
Chairman
Financial Services and General Government Subcommittee
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Thank you for sharing your concerns about the Commodity Futures Trading Commission's ("CFTC" or "Commission") proposed amendment impacting Southwest Power Pool, Inc., a Regional Transmission Organization ("RTO"). I appreciate hearing your views and have considered them seriously.

The comment period for our proposed amendment closed on June 15, 2016, and after careful review of the issue and comments submitted, I plan to recommend to the Commission that the final order exempt RTOs and ISOs from all private rights of action under Section 22 of the Commodity Exchange Act ("CEA").

Regional grid operators are regulated by the Federal Energy Regulatory Commission ("FERC") and state regulators to ensure that energy rates remain just and reasonable and those transmission systems in their regions function efficiently and reliably. Many commenters noted that FERC and state regulators work to balance the interests of market participants with the protection of consumers of electricity. They also feared that private actions could create costs within the markets in ways that regulators did not anticipate. These appear to be to me valid concerns.

Private rights of action do have an important place in our regulatory structure. As one commenter noted, they have "played an instrumental role in helping to protect market participants and deter bad actors". That being said, several state consumer advocate offices

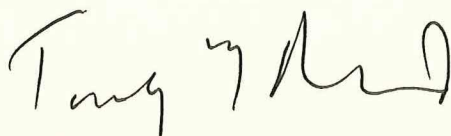
charged with protecting consumers submitted comments noting that private rights of action could inadvertently introduce regulatory uncertainty and increase costs for consumers.

As regulators, I believe it is our goal to provide effective and efficient oversight of our markets. While private rights of action will remain critical overall in our markets, I am persuaded that, in this instance, their preservation could result in greater costs and uncertainties without necessarily enhancing supervision of markets or consumer protection.

In making this determination, it is important to me that the CFTC will continue to retain the authority to pursue fraud and manipulation within those markets. In addition to the ability of aggrieved market participants and consumers to file complaints with the CFTC, the CFTC's Whistleblower program also is available to those who are aggrieved, providing another path for redress.

It is my hope that the Commission will take action to finalize this order soon. If you have further questions, please contact me or Cory Claussen, Director of the Office of Legislative Affairs at 202-418-5383.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony G. Reed". The signature is written in a cursive style with a large, stylized initial "T" and "R".