



## Industrial Energy Consumers of America

*The Voice of the Industrial Energy Consumers*

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June 24, 2008

The Honorable Bob Etheridge, Chair  
The Honorable Jerry Moran, Ranking Member

Dear Chairman Etheridge and Ranking Member Moran:

The entire country is counting on you to show leadership in dealing with the excessive speculation that is significantly contributing to high energy prices that are crippling our country and our future. H.R. 6334, the "Increasing Transparency and Accountability in Oil Prices Act of 2008" is a step forward but does not go far enough. It will increase transparency but will not result in energy price reductions.

We strongly encourage you to add provisions that will do the following.

**1. Ensure Only Bona Fide Physical Hedgers Qualify for Hedge Exemptions**

Direct the CFTC to re-examine the definition of "hedging" to ensure that hedge exemptions are only available to *bona fide* hedgers and not to speculators. This will prevent speculators from using this exemption to avoid position limits.

**2. Fully close the Enron Loophole**

Require that all energy exchanges be subject to appropriate federal regulation, including reporting requirements and position limits, by prohibiting any energy contracts from being traded on exempt commercial markets.

**3. Close the Foreign Exchange Loophole**

(a) Require all foreign exchanges offering energy commodities through a U.S.-based terminal to be subject to the same regulatory requirements applicable to U.S. exchanges, including position limits, margin requirements, and reporting.

(b) Subject U.S. traders trading energy derivatives on non-U.S. markets to the same reporting and recordkeeping requirements as those trading on U.S. exchanges. This prevents them from avoiding CFTC oversight by trading overseas.

**4. Provide Greater Transparency on Energy Swaps**

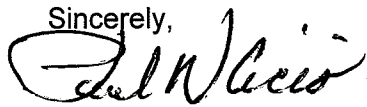
Direct the CFTC to impose reasonable recordkeeping and reporting requirements on all energy swaps made in the U.S. or made by U.S. traders anywhere in the world, while taking steps to ensure that participants' information is kept confidential and not disclosed to competitors.

**5. Enhanced Reporting Requirements**

Direct the CFTC to devise new classifications of trades to break out index speculators or swaps as a separate category, and direct the CFTC to enhance its Commitments of Traders Report to include trades using the Intercontinental Exchange (ICE) in Europe.

We are counting on you to support removing the OCS moratorium.

Sincerely,



Paul N. Cicio  
President

Committee on Agriculture

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