encana natural gas

February 22, 2011

David A. Stawick, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Comments of Encana Marketing (USA) Inc. on the Proposed Rule on Business Conduct Standards for Swap Dealers and Major Swap Participants, RIN Number 3038-AD25

Dear Secretary Stawick:

Encana Marketing (USA) Inc. (EMUS) hereby files comments on the Notice of Proposed Rulemaking (NOPR) issued by the Commodity Futures Trading Commission (Commission) in this proceeding.[1] EMUS is an indirect wholly owned subsidiary of Encana Corporation (Encana). Its principal U.S. office is located in Denver, Colorado. EMUS' marketing activities include selling and purchasing natural gas, natural gas liquids, other related energy commodities and services in the U.S. wholesale energy markets. As part of EMUS' marketing activities, Encana, for itself and its subsidiaries, enters into hedging transactions or swaps to manage and mitigate commercial risks associated with EMUS' sales, purchases and movement of these energy commodities. It considers itself to be an end-user of swaps under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Act).

Comments

In this NOPR, the Commission proposes to adopt rules to establish business conduct standards for swap dealers (SDs) and major swap participants (MSPs) that would govern their relationships with counterparties. EMUS is concerned that the proposed business conduct standards may have several unintended consequences that will negatively impact non-SD/MSP counterparties such as end-users. For example, the proposed rule may prevent end-

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[1] *Business Conduct Standards for Swap Dealers and Major Swap Participants*, 75 Fed. Reg. 80,638 (Dec. 22, 2010).

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users from promptly negotiating and executing swap transactions with SDs/MSPs indirectly subjecting end-users to increased costs for swap transactions and reducing liquidity.

EMUS is also concerned that some of the business conduct standards that the Commission proposes to impose on SDs and MSPs were not mandated by Congress in the Act. In light of the compressed timeline for the implementation of the Act and current budgetary constraints, EMUS encourages the Commission to reconsider its decision to impose non-mandatory requirements on SDs and MSPs at this time. It recommends that the Commission revise the proposed rule to initially limit the business conduct standards for SDs and MSPs whose counterparties are normally end-users to the requirements mandated by the Act. If, after a few years of experience, the Commission believes that additional business conduct standards are necessary, it could institute a subsequent rulemaking proceeding to explore imposing additional requirements on SDs/MSPs at that time.

Sincerely,

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