



1921 Gallows Road, 3rd Floor
Tysons Corner, VA 22182
Phone (703) 962 9800
Fax (703) 962 9850
www.nodalexchange.com

March 2, 2016

FOIA CONFIDENTIAL TREATMENT REQUEST

VIA CFTC PORTAL

Assistant Secretary of the Commission for FOI,
Privacy and Sunshine Acts Compliance
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Petition for Confidential Treatment

Dear Sir or Madam:

Nodal Exchange, LLC (“Nodal Exchange”) on this date filed Submission Nos. 16-010.01P through 16-010.18P (the “Submissions”), self-certifications of eighteen new Nodal Exchange power futures contracts, with the Secretary of the Commission. Exhibit B to each of the Submissions (“Exhibit B”) contains confidential, and proprietary commercial and financial information of Nodal Exchange exempt from disclosure pursuant to Section 8 of the Commodity Exchange Act (“CEA”), the Commission Regulations, and paragraph (b)(4) of the Freedom of Information Act (“FOIA”) as explained below, and Nodal Exchange respectfully requests that the Commission not release the information contained therein.

In accordance with the provisions of Commission Regulations 145.5 and 145.9, Nodal Exchange requests confidential treatment of Exhibit B. Confidential treatment is requested, *inter alia*, on the grounds that Exhibit B contains information that would separately disclose business transactions and trade secrets that may not be disclosed to third parties, as provided in Section 8(a) of the Commodity Exchange Act and Commission Regulation 145.5(c)(1). Confidential treatment additionally is requested on the grounds that Exhibit B is exempt from disclosure under paragraph (b)(4) of FOIA (“Exemption 4”) and Commission Regulations 145.5(d) and 145.9(d)(1)(ii) because it contains commercial and financial information that is confidential and would be of material assistance to competitors of Nodal Exchange.

Justification of Confidential Treatment

Judicial analysis of Exemption 4 has found that there is a presumption of confidentiality for commercial information that is (1) provided voluntarily and (2) is of a kind the provider would not customarily make available to the public. See Critical Mass Energy Project v. Nuclear Regulatory Commission, 975 F.2d 871, 878 (D.C. Cir. 1992) (en banc); see also Center for Auto

Assistant Secretary of the Commission for FOI,
Privacy and Sunshine Acts Compliance
March 2, 2016
Page 2

Safely v. National Highway Traffic Safety Administration, 244 F.3d 144, 147 (D.C. Cir. 2001) (applying the tests detailed in Critical Mass). Nodal Exchange provided the confidential information in Exhibit B to the Commission voluntarily in the Submission in order to demonstrate to the Commission the Exchange's compliance with the CEA and the Commission Regulations. Notwithstanding the presumption of confidentiality, the confidential information in Exhibit B would still be considered "confidential" because Nodal Exchange would not disclose it to the public and its disclosure would cause substantial harm to Nodal Exchange's competitive position.

FOIA was enacted to facilitate the disclosure of information to the public, but was clearly not intended to allow business competitors to avail themselves of valuable confidential information, especially when "competition in business turns on the relative costs and opportunities faced by members of the same industry." Worthington Compressors v. Costle, 662 F.2d 45, 51 (D.C. Cir. 1981). In Gulf & Western Industries, Inc. v. United States, 615 F.2d 527 (D.C. Cir. 1979), the Court of Appeals concluded that information is confidential for purposes of FOIA if (1) it is not of the type normally released to the public by the submitter and (2) the information is of the type that would cause substantial competitive harm if released. There is no requirement that "competitive harm" be established by a showing of actual competitive harm. Rather, "actual competition and the likelihood of substantial competitive injury is all that needs to be shown." Gulf & Western, 615 F.2d at 530. Thus, in National Parks and Conservation Association v. Kleppe, 547 F.2d 673 (D.C. Cir. 1976), the Court of Appeals concluded that the disclosure of certain financial information, including costs and price-related items, was likely to cause substantial harm to the disclosing party's competitive position. When applying the "substantial competitive harm test," courts "[c]onsider how valuable the information will be to the requesting competitors and how much this gain will damage the submitter." Worthington Compressors, 662 F.2d at 51. It is clear that the FOIA exemption was intended to prevent the fundamental unfairness that can result from one side having confidential information about the other in a business context. Cf. National Parks, 547 F.2d at 678 n.18.

The confidential information in Exhibit B is valuable commercially because it took significant time and at substantial cost to develop an effective process for the analysis of certain information the Exchange uses to ensure compliance with the CEA. The information in Exhibit B is an essential element of Nodal Exchange's competitive strategy for its energy futures markets. Nodal Exchange has determined that the analysis described in Exhibit B is integral to the Exchange's competitive role in the marketplace. The confidential information in Exhibit B is not of a type made available to the public by the Exchange. Disclosure of the information contained in Exhibit B creates the potential for significant competitive harm to Nodal Exchange.

For the foregoing reasons, Nodal Exchange requests that the Commission grant this request for confidential treatment for Exhibit B and the information contained therein. Should you have any

Assistant Secretary of the Commission for FOI,
Privacy and Sunshine Acts Compliance
March 2, 2016
Page 3

questions or need additional information, please contact me at 703-962-9835 or
herrera@nodalexchange.com.

Very truly yours,

/s/ Anita Herrera

General Counsel & Chief Regulatory Officer