

## FUNDS TRANSFER AGENT AGREEMENT OUTREACH PLAN

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The Department of Energy's (DOE) National Energy Technology Laboratory (NETL), the DOE Office of Economic Impact and Diversity, and the DOE Office of Natural Gas and Petroleum Technology have entered into a partnership with the African American Chamber of Commerce of Western Pennsylvania and the Hispanic Chamber of Commerce in Western Pennsylvania to create a program that promotes access to energy commodity trading for women- and minority-owned businesses. The program, known as the Funds Transfer Agent Agreement Outreach Plan, creates and promotes an educational and marketing infrastructure around an innovative financial instrument known as a Funds Transfer Agent Agreement (FTAA). The FTAA is designed to overcome a major obstacle to women and minority owned businesses participating in the energy commodity (natural gas) marketplace.

### WEBSITES

[www.netl.doe.gov](http://www.netl.doe.gov)  
[www.fe.doe.gov/wmbe/](http://www.fe.doe.gov/wmbe/)

A typical problem faced by most small businesses is that their credit needs may far exceed their credit resources. This is especially true for small businesses that market energy commodities, such as natural gas, because capital/credit requirements are large while profit margins are small. Few small businesses have enough equity, or are able to support the issuance of a letter of credit, to satisfy the performance guarantee requirements of a commodity resale contract. The FTAA ensures the transfer of funds to the appropriate recipients through the use of a blocked account with an intermediary, such as a bank. This relieves the small business of the need to secure a letter of credit or provide a payment bond to the natural gas supplier. The FTAA thus allows a small women/minority owned business to compete in a market in which it might otherwise have difficulty in obtaining traditional financing.

The NETL developed the FTAA Outreach Plan to create a self-sustaining and replicable educational and marketing infrastructure operated by regional organizations such as the African American Chamber of Commerce of Western PA and the Hispanic Chamber of Commerce in Western PA. This infrastructure will use existing regional organizations to network on the availability of the FTAA and promote its use initially for the natural gas commodity, with the potential inclusion of other commodities. The first phase of the FTAA Outreach Plan will be focused in western Pennsylvania, which is considered to be the "pilot region." As all parties become more experienced in using and promoting the FTAA, Phase 2 will expand the effort to include eastern Pennsylvania and the state of West Virginia. The final phase will be to implement the plan nationally.



## NETL REGIONAL DEVELOPMENT

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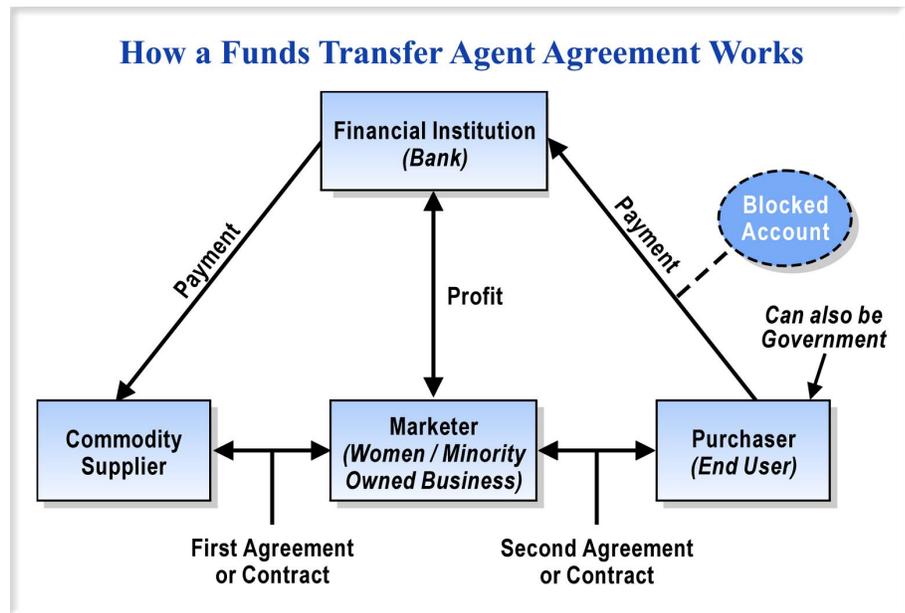
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The mission of the FTAA Outreach Plan is for the African American Chamber of Commerce of Western PA and the Hispanic Chamber of Commerce in Western PA to expand business-to-business opportunities and increase capacity of their members. The regional benefit is increased competition in the energy commodity markets, job growth, and increased flow of national business to regional minority/women owned businesses.

NETL is a multipurpose science, technology and energy laboratory owned and operated by the U.S. Department of Energy. As one of DOE's 15 national laboratories, NETL conducts world-class research spanning DOE's science, energy, national security, and environmental quality missions.

NETL is committed to fostering and enhancing sustainable economic development through regional partnerships that include business, academia, and government.



*A natural gas contract that includes an FTAA involves a Marketer, a Supplier, a Purchaser, and a Financial Institution. The Marketer signs an FTAA with the Financial Institution. The FTAA provides that the Financial Institution will act as the Marketer's Funds Transfer Agent. The Marketer incorporates the FTAA in the purchase contract with the Supplier and the sales contract with the Purchaser. The Financial Institution acts as an intermediary, handling payment from the Purchaser to the Supplier through a "blocked" account in the Marketer's name. (This does not constitute an extension of credit by the Financial Institution to the Marketer.) Title to the gas is instantaneously transferred from the Supplier to the Marketer to the Purchaser. Because the Financial Institution ensures that funds are directed to the proper parties, the Marketer is not required to provide a letter of credit or payment bond to the Supplier.*