

Submission No. 17-19  
January 12, 2017

Mr. Christopher J. Kirkpatrick  
Secretary of the Commission  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

**Re: New Pennsylvania Solar Alternative Energy Certificate Vintage Future and Related Amendments (3 of 4)**  
**Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.2 and 40.6(a)**

Dear Mr. Kirkpatrick:

Pursuant to Commission Regulations 40.2 and 40.6(a), ICE Futures U.S., Inc. (“Exchange”) submits, by written certification, new Rules 18.D.027 and 18.E.074 and amendments to 18.D.025 and 18.D.026, the Exchange’s No Cancellation Range (“NCR”), Resolutions 1 and 2 of Chapter 18, and the Exchange’s Block Trade Procedures, which are codified in the Exchange’s Block Trade FAQ, as set forth in Exhibit A. The new rules and amendments provide for nine new environmental futures and one new environmental options contract, which will be listed on January 30, 2017.

**Ontario Carbon Allowance Vintage Future**

The Ontario Carbon Allowance Vintage Future contracts are physically delivered greenhouse gas emissions allowance contracts. The allowances, upon which the futures contracts are based, are issued by the Province of Ontario, or a linked program, and represent one metric ton of CO<sub>2</sub> equivalent under the Ontario Climate Change Mitigation and Low-Carbon Economy Act and its associated regulations, rules and amendments.

The Ontario Carbon Allowance Vintage Future contracts have a contract size of 1,000 Ontario Carbon Allowances. The minimum price fluctuation is one Canadian cent (“C\$0.01”) for both screen and block trades. The standard listing cycle is January, February, March, April, May, June, July, August, September, October, November and December. Also, the Exchange may list monthly contracts in the standard cycle or any other calendar month it determines for the current year and forward for up to ten years. The IPL Amount will be set at \$2.50, the IPL Recalculation Time will be set at 3 seconds and the IPL Hold Period is set at 5 seconds. The NCR is \$0.25. The block trade minimum size is 10 lots. Spot month position limits for the Ontario Carbon Allowance Vintage Future are being set at 10,000. A Deliverable Supply Analysis detailing the methodology the Exchange used to determine the spot month position limits for the aforementioned contracts is attached hereto as Exhibit B.

The Option on Ontario Carbon Allowance Vintage Future contracts have a contract size of 1 Ontario Carbon Allowance Future Contract. The minimum price fluctuation is one Canadian cent (“C\$0.01”) for both screen and block trades. The standard listing cycle matches that of the underlying future. The NCR is 20% of Premium FMV up \$0.25. The block trade minimum size is 10 lots. Finally,

the Ontario Carbon Allowance options contracts are subject to the position limit and accountability levels of the underlying futures contracts.

### **Pennsylvania Solar Alternative Energy Certificates Future**

The Exchange is listing four new vintage-year contracts, which supplement existing ICE contracts based upon Pennsylvania Solar Alternative Energy Credits (“AECs”). The AECs are issued in the PJM Environmental Information System Generation Attribute Tracking System (“PJM GATS”).

The Pennsylvania Solar Alternative Energy Certificates Vintage Futures have a contract size of 10 MWh representing 10 qualifying SAECs. The minimum price fluctuation is \$0.01 for screen trades and \$0.01 for block trades. The standard listing cycle is January, February, March, April, May, June, July, August, September, October, November and December. Also, the Exchange may list monthly contracts in the standard cycle or any other calendar month it determines for the current year and forward for up to ten years. The IPL Amount will be set at \$10.00, the IPL Recalculation Time will be set at 3 seconds and the IPL Hold Period is set at 5 seconds. The NCR is \$5.00. The block trade minimum size is 10 lots. Spot month position limits for the Pennsylvania Solar Alternative Energy Certificates Vintage Futures are being set at 10,000, which is consistent with the spot month position limits for similar physical environmental contracts currently listed by the Exchange.

### **Maryland Solar Renewable Energy Certificates Future**

The Exchange is listing four new vintage-year contracts, which supplement existing ICE contracts based upon Maryland Solar Renewable Energy Credits (“Maryland SREC”). These SRECs are issued by PJM GATS.

Maryland Solar Energy Certificates Vintage Future contracts have a contract size of 10 MWh representing 10 Maryland SRECs. The minimum price fluctuation is \$0.01 for screen trades and \$0.01 for block trades. The standard listing cycle is January, February, March, April, May, June, July, August, September, October, November and December (*monthly contract sets*). Also, the Exchange may list monthly contracts in the standard cycle or any other calendar month it determines for the current year and forward for up to ten years. The IPL Amount will be set at \$10.00, the IPL Recalculation Time will be set at 3 seconds and the IPL Hold Period is set at 5 seconds. The NCR is \$5.00. The block trade minimum size is 10 lots. Spot month position limits for the new Maryland Solar Energy Certificates Vintage Futures are being set at 5,000 contracts, which is consistent with the spot month position limits for similar physical environmental contracts currently listed by the Exchange.

### **Certifications**

The new rules and rule amendments will become effective with the listing of the new physical environmental contracts on January 30, 2017. The Exchange is not aware of any substantive opposing views to the new physical environmental contracts. The Exchange certifies that the rule amendments comply with the requirements of the Act and the rules and regulations promulgated thereunder. The Exchange has reviewed the designated contract market core principles (“Core Principles”) as set forth in the Act and has determined that the listing of the contract complies with the following relevant Core Principles:

#### **COMPLIANCE WITH RULES**

The terms and conditions of the new physical environmental contracts are set forth in new Rules 18.D.027 and 18.E.074 and amendments to 18.D.025 and 18.D.026, the Exchange’s NCR, Resolutions 1 and 2 of Chapter 18, and the Exchange’s Block Trade Procedures, and will be enforced by the Exchange. In addition, trading of the contracts is subject to all relevant Exchange rules which are enforced by the Market Regulation Department.

**CONTRACTS NOT READILY SUBJECT TO MANIPULATION**

The new physical environmental futures and options contracts are not readily subject to manipulation as they are based on established and liquid underlying cash markets. In addition, trading of the new contracts will be monitored by the Market Regulation Department.

**POSITION LIMITS OR ACCOUNTABILITY**

Positions in the new physical environmental futures and options contracts will be subject to position limits set by the Exchange. As described above, such position limits are based upon existing levels set for substantially similar products or are based upon the deliverable supply in the cash market. Positions in the options will be aggregated with the underlying futures contracts and subject to the position limits currently in place for the underlying futures contracts.

**FINANCIAL INTEGRITY OF CONTRACTS**

The new physical environmental contracts will be cleared by ICE Clear Europe, a registered derivatives clearing organization subject to Commission regulation, and carried by registered futures commission merchants qualified to handle customer business.

The Exchange further certifies that, concurrent with this filing, a copy of this submission was posted on the Exchange's website and may be accessed at (<https://www.theice.com/futures-us/regulation>).

If you have any questions or need further information, please contact me at 312-836-6746 or at [conor.weber@theice.com](mailto:conor.weber@theice.com).

Sincerely,



Conor Weber  
Compliance Counsel  
Market Regulation

Enc.  
cc: Division of Market Oversight  
New York Regional Office

## EXHIBIT A

### Resolution No. 1-Minimum Price Fluctuation Table

The following minimum price fluctuations shall be applicable to Energy Contracts.

<b>Rule Number</b>	<b>Product</b>	<b>Minimum Price Screen</b>	<b>Fluctuation Blocks and other trades outside the central limit order book</b>
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18.D.025	Pennsylvania Solar Alternative Energy Certificates Future - Vintages 2016- <del>2019</del> 2023	\$0.01	\$0.01
18.D.026	Maryland Solar Renewable Energy Certificates Future - Vintages 2016- <del>2019</del> 2023	\$0.01	\$0.01
18.D.027	Ontario Carbon Allowance Future – Vintage 2017	C\$0.01	C\$0.01
18.E.074	Option on Ontario Carbon Allowance Future – Vintage 2017	C\$0.01	C\$0.01

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## Resolution No. 2 – Position Limit/Accountability Table

Rule	Contract Name	Commodity Code	Contract Size	Unit of Trading	Spot Month Limit	Single Month Accountability Level	All Month Accountability Level	Aggregate 1 (Positive Correlation)	Aggregate 2 (Negative Correlation)	Exchange Reportable Level
18.D.026	Maryland Solar Renewable Energy Certificate Future - Vintage 2020	MD0	10	MWh of SREC	5,000	5,000	5,000	MDO		25
18.D.026	Maryland Solar Renewable Energy Certificate Future - Vintage 2021	MD1	10	MWh of SREC	5,000	5,000	5,000	MD1		25
18.D.026	Maryland Solar Renewable Energy Certificate Future - Vintage 2022	MD2	10	MWh of SREC	5,000	5,000	5,000	MD2		25
18.D.026	Maryland Solar Renewable Energy Certificate Future - Vintage 2023	MD3	10	MWh of SREC	5,000	5,000	5,000	MD3		25
18.D.025	Pennsylvania Solar Alternative Energy Certificate Future - Vintage 2020	PA0	10	MWh of SREC	10,000	10,000	10,000	PA0		25
18.D.025	Pennsylvania Solar Alternative Energy Certificate Future - Vintage 2021	PA1	10	MWh of SREC	10,000	10,000	10,000	PA1		25
18.D.025	Pennsylvania Solar Alternative Energy Certificate Future - Vintage 2022	PA2	10	MWh of SREC	10,000	10,000	10,000	PA2		25
18.D.025	Pennsylvania Solar Alternative Energy Certificate Future - Vintage 2023	PA3	10	MWh of SREC	10,000	10,000	10,000	PA3		25

18.D.027	Ontario Carbon Allowance Future - Vintage 2017	OC7	1,000	Allowances	10,000	10,000	10,000	OC7	25
18.E.074	Option on Ontario Carbon Allowance Future - Vintage 2017	OC7	1,000	Allowances	10,000	10,000	10,000	OC7	25

### **18.D.027 Ontario Carbon Allowance Vintage Future**

**Contract Description:** Physically delivered greenhouse gas emissions allowances where each is an allowance issued by the Province of Ontario or a linked program (“Ontario Carbon Allowance”) representing one metric ton of CO2 equivalent under the Ontario Climate Change Mitigation and Low-carbon Economy Act and its associated regulations, rules and amendments, all together known as the "Ontario Cap and Trade Program".

**Contract Symbol:** OC7 Vintage 2017

**Settlement Method:** Physical delivery

**Contract Size:** 1,000 Ontario Carbon Allowances

**Currency:** CAD

**Minimum Price Fluctuation:** The price quotation convention shall be One CAD cent (\$0.01) per Ontario Carbon Allowances; minimum price fluctuation may vary by trade type. Please see Table in Resolution 1 to this Chapter 18.

**Listing Cycle:** 1. The Exchange may list monthly contracts in the Standard Cycle or any other calendar month it determines for the current year and forward for up to ten years.  
2. The Standard Cycle is: January, February, March, April, May, June, July, August, September, October, November and December

**Last Trading Day:** Three Business Days prior to the last Business Day of the delivery month

**Deliverable Instruments:** The deliverable instruments are Ontario Carbon Allowances equal to the contract size delivered through the Compliance Instrument Tracking System Service (CITSS). Ontario Carbon Allowances acceptable for delivery are those having a vintage corresponding to the specified vintage year. Ontario Carbon Allowances acceptable must be able to be delivered into CITSS accounts registered in Ontario.

**Registry:** CITSS

### **18.D.026 Maryland Solar Renewable Energy Certificate[s] Vintage Future**

**Contract Description:** Physically delivered Maryland Solar Renewable Energy Credits (“Maryland SREC”) where a SREC is an electronic certificate issued by PJM GATS for qualifying generation.

**Contract Symbol:** MD6 Vintage 2016, MD7 Vintage 2017, MD8 Vintage 2018, MD9 Vintage 2019, [MD0 Vintage 2020, MD1 Vintage 2021, MD2 Vintage 2022, MD3 Vintage 2023](#)

**Settlement Method:** Physical delivery

**Contract Size:** 10 MWh representing 10 qualifying SRECs

**Currency:** USD

**Minimum Price Fluctuation:** The price quotation convention shall be One cent (\$0.01) per MWh; minimum price fluctuation may vary by trade type. Please see Table in Resolution 1 to this Chapter 18.

**Listing Cycle:** 1. The Exchange may list monthly contracts in the Standard Cycle or any other calendar month it determines for the current year and forward for up to ten years.

2. The Standard Cycle is: January, February, March, April, May, June, July, August, September, October, November and December

**Last Trading Day:** Three Business Days prior to the last Business Day of the delivery month

**Deliverable Instruments:** Maryland SRECs eligible for delivery are those representing solar photovoltaic sources eligible to meet the Solar Carve Out requirement of the Maryland Renewable Energy Portfolio Standard promulgated under 7-701 of the Public Utilities Article of the Annotated Code of Maryland and issued by PJM GATS having a Reporting Year designation that corresponds to the specified Energy Year of the expiring contract.

**Registry:** PJM GATS



#### **18.D.025 Pennsylvania Solar Alternative Energy Certificate[s] Vintage Future**

**Contract Description:** Physically delivered Pennsylvania Solar Alternative Energy Credit (“Pennsylvania Solar AEC”) where a Solar AEC is an electronic certificate issued by PJM GATS for qualifying generation.

**Contract Symbol:** PA6 Vintage 2016, PA7 Vintage 2017, PA8 Vintage 2018, PA9 Vintage 2019, PA0 Vintage 2020, PA1 Vintage 2021, PA2 Vintage 2022, PA3 Vintage 2023

**Settlement Method:** Physical delivery

**Contract Size:** 10 MWh representing 10 qualifying SAECs

**Currency:** USD

**Minimum Price Fluctuation:** The price quotation convention shall be One cent (\$0.01) per MWh; minimum price fluctuation may vary by trade type. Please see Table in Resolution 1 to this Chapter 18.

**Listing Cycle:** 1. The Exchange may list monthly contracts in the Standard Cycle or any other calendar month it determines for the current year and forward for up to ten years.

2. The Standard Cycle is: January, February, March, April, May, June, July, August, September, October, November and December

**Last Trading Day:** Three Business Days prior to the last Business Day of the delivery month

**Deliverable Instruments:** Pennsylvania Solar AECs eligible for delivery are those representing solar photovoltaic sources eligible to meet the Tier 1 Alternative Energy Credit requirement of the Alternative Energy Portfolio Standard promulgated under Pennsylvania 2004 Act 213 P.L. 1672 No. 213 and issued by PJM GATS having an Energy Year designation that corresponds to the specified Energy Year of the expiring contract.

**Registry:** PJM GATS

**18. E.074 Option on Ontario Carbon Allowance Vintage Future**

**Contract Description:** An Option on the corresponding month of the Ontario Carbon Allowance Future.

**Contract Symbol:** OC7 Vintage 2017

**Settlement Method:** Exercise into Underlying Futures Contract

**Contract Size:** 1 Ontario Carbon Allowance Future Contract

**Currency:** CAD

**Minimum Price Fluctuation:** The price quotation convention shall be One tenth of one CAD cent (\$0.001) per Carbon Emissions Allowances; minimum price fluctuation may vary by trade type. Please see Table in Resolution 1 to this Chapter 18.

**Strike Price Intervals:** A minimum of ten Strike Prices in increments of \$0.05 above and below the at-the-money Strike Price. Strike Price boundaries are adjusted according to futures price movements. User-defined Strike Prices are allowed in \$0.05 increments.

**Listing Cycle:** 1. The Exchange may list monthly contracts in the Standard Cycle or any other calendar month it determines for the current year and forward for up to ten years.

2. The Standard Cycle is: January, February, March, April, May, June, July, August, September, October, November and December

**Last Trading Day:** At 4:00pm EPT on the 15th calendar day of the delivery month. Where the 15th calendar day is not a Business Day, the Last Trading Day shall be the first Business Day following the 15th calendar day of the delivery month.

**Option Style:** European

**Exercise Procedure:** Clearing Members shall provide exercise and abandon instructions to the Clearing Organization in accordance with the Clearing Organization rules

**Exercise Time:** 5:30 pm EPT on the Last Trading Day

**[REMAINDER OF RULE UNCHANGED]**

## ICE FUTURES U.S. BLOCK TRADE – FAQs

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Contract Name	Commodity Code	Contract Size	Unit of Trading	Block MQR (in Lots)
Ontario Carbon Allowance Vintage Future - Vintage 2017	ON7	1,000	Allowances	10
Options on Ontario Carbon Allowance Vintage Future - Vintage 2017	ON7	1,000	Allowances	10
Maryland Solar Renewable Energy Certificate Future - Vintage 2020	MD0	10	MWh	10
Maryland Solar Renewable Energy Certificate Future - Vintage 2021	MD1	10	MWh	10
Maryland Solar Renewable Energy Certificate Future - Vintage 2022	MD2	10	MWh	10
Maryland Solar Renewable Energy Certificate Future - Vintage 2023	MD3	10	MWh	10
Pennsylvania Solar Alternative Energy Certificate Future - Vintage 2020	PA0	10	MWh	10
Pennsylvania Solar Alternative Energy Certificate Future - Vintage 2021	PA1	10	MWh	10
Pennsylvania Solar Alternative Energy Certificate Future - Vintage 2022	PA2	10	MWh	10
Pennsylvania Solar Alternative Energy Certificate Future - Vintage 2023	PA3	10	MWh	10

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**ICE FUTURES U.S.**  
**Energy Division No Cancellation Ranges**

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US Environmental	Month	Option	Min/Max Range
RGGI	0.10	20% of Premium FMV up to 0.10	0.05/0.10
CAR-CRT, CFI-US & REC-NJ, TX REC	0.25	20% of Premium FMV up to 0.25	0.05/0.25
CCA; PJM TRI - QEC, <u>OCA (Ontario)</u>	0.25	20% of Premium FMV up to 0.25	0.01/0.25
SFI	0.50	20% of Premium FMV up to 0.50	0.05/0.50
CT & MA REC	1.00	20% of Premium FMV up to 1.00	0.05/1.00
CSAPR SO2 & NOX	10.00	20% of Premium FMV up to 10.00	0.50/10.00
RIN	0.05	20% of Premium FMV up to 0.05	0.01/0.05
MA, MD, NJ & PA SREC, MA SREC Carve Out; CAIR NOX	5.00	20% of Premium FMV up to 5.00	0.50/5.00

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**EXHIBIT B**

**[EXHIBIT REDACTED]**