

Submission No. 17-34

 February 23, 2017

Mr. Christopher J. Kirkpatrick

 Secretary of the Commission

 Office of the Secretariat

 Commodity Futures Trading Commission

 Three Lafayette Centre

 1155 21st Street, NW

 Washington, DC 20581

**Re: New Option on NYISO Zone G Day-Ahead Peak Fixed Price Future
 and Related Amendments (4 of 4)**

Submission Pursuant to Section 5c(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 Rule 18.E.075 through 18.E.078, and amendments to 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 four new financial power options contract, which will be listed on March 13, 2017.

NYISO

The Exchange is listing four new options contracts, which supplement existing ICE power futures contracts for the New York Independent System Operator (“NYISO”). NYISO manages the electric power flow in the state of New York from over 500 generators on 10,900 miles of transmission lines. NYISO is divided into eleven control area load zones: West, Genesee, Central, North, Mohawk Valley, Capital, Hudson Valley, Millwood, Dunwoodie, Long Island, and New York City. NYISO publishes actual and forecasted hourly load and LMP for each of its zones. The new Options on NYISO Zone A and Zone G Day-Ahead Peak Daily Fixed Price Future contracts are daily options on the corresponding contract period of the underlying future. The new Options on NYISO Zone A and Zone G Day-Ahead Peak Fixed Price Future contracts are monthly options on the corresponding contract period of the underlying futures contracts.

Contract Name	Contract Code	Contract Size (MWh)	Minimum Tick ¹	IPL Amount	IPL Recalc Time (Seconds)	IPL Hold Period (Seconds)	NCR	Minimum Block Size	Spot Month Position Limit
Option on NYISO Zone A Day-Ahead Peak Daily Fixed Price Future	ADP	800	\$0.05	n/a	n/a	n/a	20% of Premium FMV up to 5.00	1	1,600

¹ The minimum fluctuation is \$0.05 for screen trades and \$0.01 for block trades.

Option on NYISO Zone G Day-Ahead Peak Daily Fixed Price Future	GDP	800	\$0.05	n/a	n/a	n/a	20% of Premium FMV up to 5.00	1	1,246
Option on NYISO Zone A Day-Ahead Peak Fixed Price Future	NAY	800	\$0.05	n/a	n/a	n/a	20% of Premium FMV up to 5.00	5	1,600
Option on NYISO Zone G Day-Ahead Peak Fixed Price Future	NGY	800	\$0.05	n/a	n/a	n/a	20% of Premium FMV up to 5.00	5	1,246

The listing cycle for the new Option on NYISO Zone A Day-Ahead Peak Daily Fixed Price Future and Option on NYISO Zone G Day-Ahead Peak Daily Fixed Price Future is up to 365 consecutive daily Contract Periods, or as otherwise determined by the Exchange, excluding Saturday, Sundays and NERC Holidays. The listing cycle for the new Option on NYISO Zone A Day-Ahead Peak Fixed Price Future and Option on NYISO Zone G Day-Ahead Peak Fixed Price Future is up to 50 consecutive monthly Contract Periods, or as otherwise determined by the Exchange. The block trade minimum sizes of 1 lot and 5 lots are consistent with the minimum sizes for the futures contracts that underlie the new options. The spot month position limits for the new NYISO options contracts match—and aggregate into—the levels set for the underlying futures.

Certifications

The new rules and rule amendments will become effective with the listing of the new financial power contracts on March 13, 2017. The Exchange is not aware of any substantive opposing views to the new financial power 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 financial power options contracts are set forth in new Rules 18.E.075 through 18.E.078, and amendments to 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 contract is subject to all relevant Exchange rules which are enforced by the Market Regulation Department.

CONTRACTS NOT READILY SUBJECT TO MANIPULATION

The new financial power 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 financial power options contracts will be subject to position limits set by the Exchange. As described above, such position limits match the current limit for the underlying futures contracts upon which they are based.

FINANCIAL INTEGRITY OF CONTRACTS

The new financial power options contract 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.

Sincerely,

A handwritten signature in blue ink, appearing to read "Conor Weber", is positioned below the "Sincerely," text.

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.

Rule Number	Product	Minimum Price Fluctuation	
		Screen	Blocks and other trades outside the central limit order book

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<u>18.E.075</u>	<u>Option on NYISO Zone A Day-Ahead Peak Daily Fixed Price Future</u>	<u>\$0.05</u>	<u>\$0.01</u>
<u>18.E.076</u>	<u>Option on NYISO Zone G Day-Ahead Peak Daily Fixed Price Future</u>	<u>\$0.05</u>	<u>\$0.01</u>
<u>18.E.077</u>	<u>Option on NYISO Zone A Day-Ahead Peak Fixed Price Future</u>	<u>\$0.05</u>	<u>\$0.01</u>
<u>18.E.078</u>	<u>Option on NYISO Zone G Day-Ahead Peak Fixed Price Future</u>	<u>\$0.05</u>	<u>\$0.01</u>

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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.E.075	Option on NYISO Zone A Day-Ahead Peak Daily Fixed Price Future	ADP	800	MWh	1,600	2,000	5,000	NAY		1
18.E.077	Option on NYISO Zone A Day-Ahead Peak Fixed Price Future	NAY	800	MWh	1,600	2,000	5,000	NAY		25
18.E.076	Option on NYISO Zone G Day-Ahead Peak Daily Fixed Price Future	GDP	800	MWh	1,246	1,246	5,000	NGY		1
18.E.078	Option on NYISO Zone G Day-Ahead Peak Fixed Price Future	NGY	800	Mwh	1,246	1,246	5,000	NGY		1

18.E.075 Option on NYISO Zone A Day-Ahead Peak Daily Fixed Price Future

Description: A daily Option on the corresponding Contract Period of the NYISO Zone A Day-Ahead Peak Daily Fixed Price Future.

Contract Symbol: ADP

Settlement Method: Exercise into Underlying Futures Contract

Contract Size: 800 MWh

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: Up to 365 consecutive daily Contract Periods, or as otherwise determined by the Exchange, excluding Saturdays, Sundays and NERC Holidays

Last Trading Day: At the end of the Trading Session on the last Business Day prior to the Contract Period

Options Style: European

Exercise Method: Automatic Only

Exercise Procedure: Manual exercise or Abandon is not Permitted

Exercise Day: The third Clearing Organization business day following the Last Trading Day

Automatic Exercise Provisions: Options which are “in the money”, with respect to the average of the Reference Price A prices, exercise automatically into the Underlying Futures Contract with a contract price equal to the Strike Price. Options which are “out of the money” expire automatically.

Reference Price A: ELECTRICITY-NYISO-ZONE A (WEST)-DAY AHEAD

- a) **Description:** “ELECTRICITY-NYISO-ZONE A (WEST)-DAY AHEAD” means that the price for a Pricing Date will be that day’s Specified Price per MWh of electricity for delivery on the Delivery Date, which Specified Price will be the Specified Price for each hour during the Delivery Period, stated in U.S. Dollars, published by the NYISO at <http://www.nyiso.com/oasis/index.html>, under the headings “Pricing Data: Day Ahead Market LBMP: Zonal: WEST 61752: LBMP (\$/MWhr)” or any successor headings, that reports prices effective on that Pricing Date.
- b) **Pricing Date:** Each day that prices are reported for the Delivery Date
- c) **Specified Price:** Average of LBMPs for all hours ending 0800-2300 EPT

- d) **Pricing calendar: NYISO**
- e) **Delivery Date: Contract Period**

Strike Listing Provision: A minimum of ten Strike Prices in increments of \$1.00 per MWh 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.

18.E.076 Option on NYISO Zone G Day-Ahead Peak Daily Fixed Price Future

Description: A daily Option on the corresponding Contract Period of the NYISO Zone G Day-Ahead Peak Daily Fixed Price Future.

Contract Symbol: GDP

Settlement Method: Exercise into Underlying Futures Contract

Contract Size: 800 MWh

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: Up to 365 consecutive daily Contract Periods, or as otherwise determined by the Exchange, excluding Saturday, Sundays and NERC Holidays

Last Trading Day: At the end of the Trading Session on the last Business Day prior to the Contract Period

Options Style: European

Exercise Method: Automatic Only

Exercise Procedure: Manual exercise or Abandon is not Permitted

Exercise Day: The third Clearing Organization business day following the Last Trading Day

Automatic Exercise Provisions: Options which are “in the money”, with respect to the average of the Reference Price A prices, exercise automatically into the Underlying Futures Contract with a contract price equal to the Strike Price. Options which are “out of the money” expire automatically.

Reference Price A: ELECTRICITY-NYISO-ZONE G (HUD VL)-DAY AHEAD

- a) **Description:** “ELECTRICITY-NYISO-ZONE G (HUD VL)-DAY AHEAD” means that the price for a Pricing Date will be that day’s Specified Price per MWh of electricity for delivery on the Delivery Date, which Specified Price will be the Specified Price for each hour during the Delivery Period, stated in U.S. Dollars, published by the NYISO at <http://www.nyiso.com/oasis/index.html>, under the headings “ Pricing Data: Day Ahead Market LBMP: Zonal: HUD VL 61758: LBMP (\$/MWhr)” or any successor headings, that reports prices effective on that Pricing Date.
- b) **Pricing Date:** Each day that prices are reported for the Delivery Date
- c) **Specified Price:** Average of LBMPs for all hours ending 0800-2300 EPT
- d) **Pricing calendar:** NYISO
- e) **Delivery Date:** Contract Period

Strike Listing Provision: A minimum of ten Strike Prices in increments of \$1.00 per MWh 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.

18.E.077 Option on NYISO Zone A Day-Ahead Peak Fixed Price Future

Description: A monthly option on the corresponding Contract Period of the NYISO Zone A Day-Ahead Peak Fixed Price Future.

Contract Symbol: NAY

Settlement Method: Exercise into Underlying Futures Contract

Contract Size: 800 MWh

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: Up to 50 consecutive monthly Contract Periods, or as otherwise determined by the Exchange

Last Trading Day: At 2:30pm EPT on the second Business Day prior to the first calendar day of the Contract Period

Options Style: American

Exercise Method: Manual; Automatic on Last Trading Day

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

Exercise Day: Manual on any Business Day, Automatic on Last Trading Day

Automatic Exercise Provisions: Options which are "in the money", with respect to Reference Price A, exercise automatically into the Underlying Futures Contract with a contract price equal to the Strike Price. Options which are "out of the money" expire automatically

Reference Price A: ELECTRICITY-NYISO-ZONE A (WEST)-DAY AHEAD-PEAK MONTHLY-ICE

- a) **Description:** "ELECTRICITY-NYISO ZONE A-DAY AHEAD-PEAK MONTHLY-ICE" means that the price for a Pricing Date will be that day's Specified Price per MWh of electricity on ICE of the NYISO ZONE A Day-Ahead Peak Fixed Price Swap Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by ICE on that Pricing Date.
- b) **Pricing Date:** Two Business Days prior to the first calendar day of the Contract Period
- c) **Specified Price:** Settlement Price
- d) **Pricing calendar:** ICE
- e) **Delivery Date:** Contract Period

Strike Listing Provision: A minimum of ten Strike Prices in increments of \$1.00 per MWh 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.

18.E.078 Option on NYISO Zone G Day-Ahead Peak Fixed Price Future

Description: A monthly option on the corresponding Contract Period of the NYISO Zone G Day-Ahead Peak Fixed Price Future.

Contract Symbol: NGY

Settlement Method: Exercise into Underlying Futures Contract

Contract Size: 800 MWh

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 Up to 50 consecutive monthly Contract Periods, or as otherwise determined by the Exchange

Last Trading Day: At 2:30pm EPT on the second Business Day prior to the first calendar day of the Contract Period

Options Style: American

Exercise Method: Manual; Automatic on Last Trading Day

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

Exercise Day: Manual on any Business Day, Automatic on Last Trading Day

Automatic Exercise Provisions: Options which are "in the money", with respect to Reference Price A, exercise automatically into the Underlying Futures Contract with a contract price equal to the Strike Price. Options which are "out of the money" expire automatically

Reference Price A: ELECTRICITY-NYISO-ZONE G (HUD VL)-DAY AHEAD-PEAK MONTHLY-ICE

- a) **Description:** "ELECTRICITY-NYISO ZONE G-DAY AHEAD-PEAK MONTHLY-ICE" means that the price for a Pricing Date will be that day's Specified Price per MWh of electricity on ICE of the NYISO ZONE G Day-Ahead Peak Fixed Price Swap Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by ICE on that Pricing Date.
- b) **Pricing Date:** Two Business Days prior to the first calendar day of the Contract Period
- c) **Specified Price:** Settlement Price
- d) **Pricing calendar:** ICE
- e) **Delivery Date:** Contract Period

Strike Listing Provision: A minimum of ten Strike Prices in increments of \$1.00 per MWh 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.

[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 Minimum (in Lots)
<u>Option on NYISO Zone A Day-Ahead Peak Daily Fixed Price Future</u>	<u>ADP</u>	<u>800</u>	<u>MWh</u>	<u>1</u>
<u>Option on NYISO Zone G Day-Ahead Peak Daily Fixed Price Future</u>	<u>GDP</u>	<u>800</u>	<u>MWh</u>	<u>1</u>
<u>Option on NYISO Zone A Day-Ahead Peak Fixed Price Future</u>	<u>NAY</u>	<u>800</u>	<u>MWh</u>	<u>5</u>
<u>Option on NYISO Zone G Day-Ahead Peak Fixed Price Future</u>	<u>NGY</u>	<u>800</u>	<u>MWh</u>	<u>5</u>

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