



Submission No. 17-62
May 25, 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 California Carbon Allowance Vintage Specific Future
and Related Amendments (1 of 2)
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, amendments to 18.D.024 and 18.E.053, 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 one new vintage of an environmental futures contract and two new vintages of an environmental options contract, which will be listed on June 12, 2017. Additionally, the Exchange is amending its No Cancellation Range (“NCR”) to re-categorize its PJM Tri-Qualified Renewable Energy Class 1 Futures.

California Carbon Allowance Vintage Specific

The California Carbon Allowance (“CCA”) futures contracts are carbon emission allowance contracts. The Exchange currently lists futures vintage-specific futures contracts for the 2017 through 2019 vintage-years. The deliverable instruments for the existing CCA contracts are California Carbon Allowances equal to the contract size, delivered through the California MTS. As with the existing vintage-specific CCA contracts, California Carbon Allowances acceptable for delivery must have a vintage corresponding to the specific vintage year only. The Exchange now lists a futures contract for vintage year 2020. As shown below, the product specifications for the new vintage year are consistent with the existing contracts:

Contract Name	Contract Code	Contract Size (Allowances)	Minimum Tick ¹	IPL Amount	IPL Recalc Time (Seconds)	IPL Hold Period (Seconds)	NCR	Minimum Block Size	Spot Month Position Limit
California Carbon Allowance Vintage Specific Future - Vintage 2020	CC0	1,000	\$0.01	\$2.50	3	5	0.25	10	4,500

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

The standard listing cycle for the California Carbon Allowance Vintage Specific Futures is 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 Standard Cycle is January, February, March, April, May, June, July, August, September, October, November and December. The block trade minimum size of 10 lots is consistent with minimum sizes for existing vintages. The spot month position limit for the 2020 Vintage of the California Carbon Allowance Vintage Specific Future is being set at 4,500, which is consistent with similar physical environmental contracts currently listed by the Exchange.

Option on New Jersey Solar Renewable Energy Certificate Vintage Future

The Exchange is listing two new vintage-year contracts to supplement the existing New Jersey Solar Renewable Energy Certificate (“SREC”) options contracts. The underlying New Jersey SREC futures contracts call for the delivery of SRECs which are eligible to meet the solar requirements of the New Jersey renewable energy program. The Exchange currently lists options on New Jersey SREC futures contracts which deliver annual vintages for the years 2013-2018. Amendments to Exchange Rule 18.E.053 list New Jersey SREC options contracts for the vintage-years 2019 and 2020. As shown below, all contract specifications for the new 2019 and 2020 vintage-year futures contracts match those for the existing New Jersey SREC options currently listed by the Exchange:

Contract Name	Contract Code	Contract Size (MWh)	Minimum Tick²	NCR	Minimum Block Size	Spot Month Position Limit
Option on New Jersey Solar Renewable Energy Certificate Vintage Future - Vintage 2019	NJK	10	\$0.01	\$5.00	10	37,500
Option on New Jersey Solar Renewable Energy Certificate Vintage Future - Vintage 2020	NJL	10	\$0.01	\$5.00	10	37,500

The standard listing cycle for the Options on New Jersey Solar Renewable Energy Certificate Vintage Future is 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 Standard Cycle is January, February, March, April, May, June, July, August, September, October, November and December. The block trade minimum size of 10 lots is consistent with minimum sizes for existing vintages. Both New Jersey SREC options are subject to the position limit and accountability levels of the underlying futures contracts.

Certifications

The new rule amendments will become effective with the listing of the new physical environmental contracts on June 12, 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 amendments to 18.D.024 and 18.E.053, 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

² The minimum price fluctuation is \$0.01 for both screen and block trades.

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 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 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#rule-filings>).

If you have any questions or need further information, please contact me at 312-836-6746 or at 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.

Rule Number	Product	Minimum Price Screen	Fluctuation Blocks and other trades outside the central limit order book
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18.E.072	Option on California Carbon Allowance Vintage Specific Future - Vintages 2017- 2019 <u>2020</u>	\$0.01	\$0.01
18.E.053	Option on New Jersey Solar Renewable Energy <u>Certificate Vintage Future</u>	\$0.01	\$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.024	California Carbon Allowance Vintage Specific Future - Vintage 2020	CC0	1,000	California Carbon Allowances	4,500	4,500	4,500	CC0		25
18.E.053	Option on New Jersey Solar Renewable Energy Certificate Future - Energy Year 2019	NJK	10	MWh	37,500	37,500	37,500	NJK		25
18.E.053	Option on New Jersey Solar Renewable Energy Certificate Future - Energy Year 2020	NJL	10	MWh	37,500	37,500	37,500	NJL		25

18.D.024 California Carbon Allowance Vintage Specific Future

Contract Description: Physically delivered greenhouse gas emissions allowances where each is an allowance issued by the California Air Resources Board or a linked program (“California Carbon Allowance”) representing one metric ton of CO₂ equivalent under California Assembly Bill 32 "California Global Warming Solutions Act of 2006" and its associated regulations, rules and amendments, all together known as the "California Cap and Trade Program".

Contract Symbol: CA7: CCAS Vintage 2017, CA8: CCAS Vintage 2018,
CA9: CCAS Vintage 2019, CC0: CCAS Vintage 2020

Settlement Method: Physical delivery

Contract Size: 1,000 California Carbon Allowances

Currency: USD

Minimum Price Fluctuation: The price quotation convention shall be One cent (\$0.01) per California Carbon Allowance; 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 California Carbon Allowances equal to the contract size delivered through the California MTS.

California Carbon Allowances acceptable for delivery are those issued as a limited authorization to emit up to one metric ton of CO₂ or CO₂ equivalent in the California Cap and Trade Program having a vintage corresponding to the specified vintage year only.

Registry: California MTS

18.E.053 Option on New Jersey Solar Renewable Energy Certificate Future

Contract Description: An option on the corresponding month and vintage of New Jersey Solar Renewable Energy Certificate Future.

Contract Symbol: Vintage 2013: NJE Vintage 2014: NJF Vintage 2015: NJG
Vintage 2016: NJH Vintage 2017: NJI Vintage 2018: NJJ
Vintage 2019: NJK Vintage 2020: NJL

Settlement Method: Exercise into Underlying Futures Contract

Contract Size: 1 New Jersey Solar Renewable Energy Certificate Contract

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

Strike Price Intervals: A minimum of ten Strike Prices in increments of \$1.00 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 \$1.00 increments.

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 Method: Automatic

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

MIC Code: IFUS

Clearing Venue: ICEU

[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)
California Carbon Allowance Vintage Specific Future - Vintage 2020	CC0	1,000	Allowances	10
Option on New Jersey Solar Renewable Energy Certificate Future - Vintage 2019	NJK	10	MWh	10
Option on New Jersey Solar Renewable Energy Certificate Future - Vintage 2020	NJL	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, MD AEC, PA REC, PJM TRI - QEC	0.25	20% of Premium FMV up to 0.25	0.05/0.25
CCA; [PJM TRI - QEC] OCA (Ontario)	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, NEPOOL 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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