

SUBMISSION COVER SHEET

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Registered Entity Identifier Code (optional): 16-322

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a: **DCM** **SEF** **DCO** **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 08/05/16 **Filing Description:** Decreasing Position Limits for Eleven (11) Electricity Futures Contracts

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers:

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Product Terms and Conditions (product related Rules and Rule Amendments)

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected: See filing

Rule Numbers: See filing

August 5, 2016

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Decreasing Position Limits for Eleven (11) Electricity Futures Contracts. NYMEX Submission No. 16-322

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying amendments to the spot month position limits for eleven (11) electricity futures contracts (the “Contracts”) noted in the table below. Specifically, the Exchange is reducing the spot month position limits of the Contracts based on an updated analysis of deliverable supply (please see Appendix B) effective with the September 2016 contract month and beyond. This submission shall be effective Monday, August 22, 2016.

Contract Title	Rulebook Chapter	Clearing Code
MISO Illinois Hub Peak Calendar-Month LMP 5 MW Futures	778	OM
MISO Michigan Hub 5 MW Off-Peak Calendar-Month Day-Ahead Futures	1135	HMO
MISO Michigan Hub 5 MW Peak Calendar-Month Day-Ahead Futures	1134	HMW
MISO Minnesota Hub Peak Calendar-Month LMP 5 MW Futures	780	LM
MISO Michigan Hub Real-Time Peak Calendar-Month 5 MW Futures	776	HM
MISO Michigan Hub Real-Time Off-Peak Calendar-Month 5 MW Futures	776A	HJ
NYISO Zone C 5 MW Off-Peak Calendar-Month Day-Ahead LBMP Futures	963	A3
NYISO Zone C 5 MW Peak Calendar-Month Day-Ahead LBMP Futures	962	Q5
NYISO Zone E 5 MW Peak Calendar-Month Day-Ahead LBMP Futures	966	55
NYISO Zone F 5 MW Off-Peak Calendar-Month Day-Ahead LBMP Futures	908	4M
NYISO Zone F 5 MW Peak Calendar-Month Day-Ahead LBMP Futures	907	4L

The Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook is being amended to reflect the changes in the position limits and accountability levels for the contracts listed above (see Appendix A: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover.))

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“Act” or “CEA”) and identified that the rule amendments may have some bearing on the following Core Principles:

- Contracts not Readily Susceptible to Manipulation: Due to the liquidity and robustness in the underlying cash market, the contracts are not readily susceptible to manipulation (See Appendix B: Cash Market Overview and Analysis of Deliverable Supply).
- Position Limitations or Accountability: The spot-month speculative position limits for the contracts are set at less than the threshold of 25% of the deliverable supply in the underlying market.
- Availability of General Information: The information contained herein will be disseminated to the marketplace via Special Executive Report. The Exchange will publish information on the contracts’ specifications on its website, together with daily trading volume, open interest, and price information.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the attached amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the Exchanges’ website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments:

- Appendix A – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)
- Appendix B – Cash Market Overview and Analysis of Deliverable Supply

Appendix A

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook

(attached under separate cover)

Appendix B

Cash Market Overview and Analysis of Deliverable Supply

MISO CASH MARKET OVERVIEW

The Midwest ISO (MISO) operates the transmission system and a centrally dispatched market in portions of 15 states in the Midwest and the South, extending from Michigan and Indiana to Montana and from the Canadian border to the southern extremes of Louisiana and Mississippi. The system is operated from three control centers: Carmel, Indiana; Eagan, Minnesota; and Little Rock, Arkansas. MISO also serves as the reliability coordinator for additional systems outside of its market area, primarily to the north and northwest of the market footprint.

MISO was not a power pool before organizing as an ISO in December 2001. It began market operations in April 2005. In January 2009, MISO started operating an ancillary services market and combined its 24 separate balancing areas into a single balancing area. In 2013, the RTO began operations in the MISO South region, including the utility footprints of Entergy, Cleco, and South Mississippi Electric Power Association, among others, in parts of Arkansas, Mississippi, Louisiana, and Texas.¹

MISO operates day-ahead and real-time energy markets to develop a joint transmission service and energy schedule of operation on a Day-Ahead basis (as applicable to the new contracts under this self-certification) and a dispatch schedule in Real-Time. These markets are based on centralized dispatch, using a Locational Marginal Pricing (“LMP”) methodology to optimize power flows.

Day-Ahead

The Day-Ahead market is a forward market in which hourly clearing prices are calculated for each hour of the next Operating Day based on the concept of LMP. The Day-Ahead energy market is cleared using Security-Constrained Unit Commitment (SCUC) and Security-Constrained Economic Dispatch (SCED) computer programs to satisfy energy demand bid requirements (including Fixed Demand Bids, Price-Sensitive Demand Bids, and Virtual Demand Bids) and supply requirements (Fixed Supply Offer, Price-Sensitive Supply Offers, and Virtual Supply Offers) of the Day-Ahead energy market. The results of the Day-Ahead energy market clearing include hourly LMP values, hourly demand and supply quantities, and hourly Balancing Authority (BA) Net Scheduled Interchange (NSI). Below are definitions for terms used by MISO, along with zonal information, as implied by the physical locations of the hubs’ nodes.

¹ <http://www.ferc.gov/market-oversight/mkt-electric/midwest.asp>

Hub: CPNodes representing the Hubs are not related to any specific Asset Owner. All Participants are allowed to submit Virtual Supply Offers and Virtual Demand Bids at these locations as well as use them as a delivery point for trading. The Hubs have a one to many CPNode to EPNode relationship and the locations. The weighting factors, for each EPNode are established by the MISO as equal weighting in HUB LMP calculations.

CPNode: Commercial Pricing Node; node within the commercial model where locational marginal prices (LMPs) are created and used for settlement. MISO's 2222 CPNodes includes generators, hubs, load zones, and external interfaces.

EPNode: Elemental Pricing Node; individual equipment within the network model where energy is injected or withdrawn from the electric grid.

Illinois Hub

The Illinois Hub, also known as local resources zone four, consists of 151 EPNodes and is represented by the following three local balancing authorities; Ameren Illinois (AMIL), City Water Light and Power (CWLP), and Southern Illinois Power Cooperative (SIPC).²

Michigan Hub

The Michigan Hub was developed by the Midwest ISO and implemented at the beginning of the commencement of ISO operation. This hub is also known as local resources zone seven, and consists of 265 EPNodes within two local balancing authorities; Detroit Edison Company (DECO) and Consumers Power Company (CONS).

Minnesota Hub

The Minnesota Hub is the largest local resources zone by geographic region in the MISO. This hub consists of seven local balancing authorities; Dairyland Power Cooperative (DPC), Great River Energy (GRE), Montana Dakota Utilities (MDU), Minnesota Power (MP), Northern States Power (NSP), Otter Tail Power (OTP), and Southern Minnesota Municipal Power Agency (SMP).

² <https://www.misoenergy.org/Library/Tariff/Pages/Tariff.aspx>

MISO DELIVERABLE SUPPLY ESTIMATION

Load data reflects the amount of electricity that is produced and consumed in real time. The analysis of deliverable supply is based on actual load information reported by an RTO/ISO.

The deliverable supply for each contract is based on the maximum one-hour load realized in the specified zone for the time period of July 15th, 2013 to July 15th, 2016 as illustrated in Table 1. MISO publishes actual load data for ten Local Resource Zones (LRZ). However, hourly load data for LRZ 2 and LRZ 7 (Michigan Hub) are published together. In order to accurately account for the actual load in LRZ 7 (Michigan Hub), the exchange calculated the percentage of total load volume for each zone as published in the “2015 MISO Independent Load Forecast³” report. LRZ 2 accounts for 10 percent of the total load volume, and LRZ 7 accounts for 15 percent of the total load volume. Based on the reporting method of the ISO, and after determining the percentage share of load data for each zone, the maximum hourly load realized at LRZ 7 (Michigan Hub) is 12,591 MW.

Because the maximum load theoretically can occur during any one hour of the day, the maximum load is applied to the deliverable supply calculations for both peak and off-peak contracts. It is assumed that there are 21 peak days and 9 off-peak days in the month, thus 336 peak hours and 384 off-peak hours in the MISO market. Table 2 shows the monthly deliverable supply adjusted to reflect the contract size of 80 MWh for the peak and 5 MWh for the off-peak contracts. The spot month position limits adjustment for the daily contracts are shown in Table 3.

Table 1: MISO Maximum Hourly Load MW⁴

ISO/RTO	Location	Maximum Hourly Load MW
MISO	<i>Illinois Hub</i>	6,252
MISO	<i>Michigan Hub</i>	12,591
MISO	<i>Minnesota Hub</i>	12,247

Table 2: MISO Position Limits Calculation

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<https://www.misoenergy.org/Library/Repository/Study/Load%20Forecasting/2015%20MISO%20Independent%20Load%20Forecast%20Report.pdf>

⁴ The data was collected using NRGSTREAM application.

ISO/RTP	Location	Maximum Hourly Load	Period	Contract Size (MW)	Monthly Deliverable Supply (MW)	Monthly Deliverable Supply (Contracts)	Proposed Limits	Old Limits	Percentage of Deliverable Supply
MISO	<i>Illinois Hub</i>	6,252	Peak	80	2,100,810	26,260	6,010	7,000	23%
MISO	<i>Michigan Hub</i>	12,591	Peak	80	4,230,457	52,881	10,000	25,490	19%
			Off-Peak	5	4,834,808	966,962	190,000	469,915	20%
MISO	<i>Minnesota Hub</i>	12,247	Peak	80	4,114,900	51,436	10,000	13,380	19%

Table 3: MISO Contract Position Limit Adjustment

Contract Title	Old Limit	Proposed Limit
MISO Illinois Hub Peak Calendar-Month LMP 5 MW Futures	7,000	6,010
MISO Michigan Hub 5 MW Off-Peak Calendar-Month Day-Ahead Futures	469,915	190,000
MISO Michigan Hub 5 MW Peak Calendar-Month Day-Ahead Futures	25,490	10,000
MISO Minnesota Hub Peak Calendar-Month LMP 5 MW Futures	13,380	10,000
MISO Michigan Hub Real-Time Peak Calendar-Month 5 MW Futures	25,490	10,000
MISO Michigan Hub Real-Time Off-Peak Calendar-Month 5 MW Futures	469,915	190,000

NYISO CASH MARKET OVERVIEW

The creation of the New York Independent System Operator (NYISO) was authorized by FERC in 1998 and launched on December 1, 1999. The NYISO manages 513 generators on 10,900 miles of transmission lines. This footprint covers the entire state of New York. NYISO is responsible for operating wholesale power markets, with over 400 participants trading electricity, capacity, transmission congestion

contracts, and related products, in addition to administering auctions for the sale of capacity.⁵ NYISO operates New York's high-voltage transmission network and performs long-term planning. NYISO is divided into eleven zones: Capital, Central, Dunwoodie, Genesee, Hudson Valley, Long Island, Mohawk Valley, New York City, North, and West. Forecasted and actual hourly load data is published for each zone.

Below are definitions for terms used by NYISO, along with load zone information.

Load Zone: One (1) of eleven (11) geographical areas located within the NYCA that is bounded by one (1) or more of the fourteen (14) New York State Interfaces.

NYISO-Zone C

A load zone located in the Central region of New York State.

NYISO-Zone E

A load zone defined as the Mohawk Valley region. This zone runs north-south and is located in the central east region of New York State.

NYISO-Zone F

A load zone defined as the Capital region located in east New York State.

NYISO DELIVERABLE SUPPLY ESTIMATION

Based on actual load realized reported by NYISO in each zone, the deliverable supply analysis reveals the real time electricity production and consumption.

The deliverable supply for each contract is based on the maximum one-hour load realized in the specified NYISO zones for the time period of July 15th, 2013 to July 15th, 2016 as illustrated in Table 4.

Because the maximum load theoretically can occur during any one hour of the day, the maximum load is applied to the deliverable supply calculations for both peak and off-peak contracts. Following the same principle, it is assumed that there are 21 peak days and 9 off-peak days in the month, thus 336 peak hours and 384 off-peak hours in NYISO markets. Table 5 shows the monthly deliverable supply adjusted

⁵ <http://www.nyiso.com/public/index.jsp>

to reflect the contract size of 80 MWh for the peak and 5 MWh for the off-peak contracts. The spot month position limits adjustment for the daily contracts are shown in Table 6.

Table 4: NYISO Maximum Hourly Load MW⁶

ISO/RTO	Location	Maximum Hourly Load MW
NYISO	Zone C	2,060
NYISO	Zone E	1,038
NYISO	Zone F	1,582

Table 5: NYISO Position Limits Calculation

ISO/RTP	Location	Maximum Hourly Load	Period	Contract Size (MW)	Monthly Deliverable Supply (MW)	Monthly Deliverable Supply (Contracts)	Proposed Limits	Old Limits	Percentage of Deliverable Supply
NYISO	Zone C	2,060	Peak	80	692,008	8,650	1,700	3,320	20%
			Off-Peak	5	790,867	158,173	31,500	49,940	20%
NYISO	Zone E	1,038	Peak	80	348,606	4,358	850	1,150	20%
NYISO	Zone F	1,582	Peak	80	531,466	6,643	1,300	160,000	20%
			Off-Peak	5	607,390	121,478	24,000	43,500	20%

Table 6: NYISO Contract Position Limit Adjustment

Contract Title	Old Limit	Proposed Limit
NYISO Zone C 5 MW Off-Peak Calendar-Month Day-Ahead LBMP Futures	49,940	31,500
NYISO Zone C 5 MW Peak Calendar-Month Day-Ahead LBMP Futures	3,320	1,700
NYISO Zone E 5 MW Peak Calendar-Month Day-Ahead LBMP Futures	1,150	850
NYISO Zone F 5 MW Off-Peak Calendar-Month Day-Ahead LBMP Futures	43,500	24,000
NYISO Zone F 5 MW Peak Calendar-Month Day-Ahead LBMP Futures	160,000	1,300

⁶ The data was collected using NRGSTREAM application.