CME Group
A CME/Chicago Board of Trade/NYMEX Company

February 3, 2011

VIA E-MAIL
Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Rule Certification. New York Mercantile Exchange, Inc. Submission# 11-040: Notification Regarding the Listing of Four (4) New Electricity Futures Contracts on CME ClearPort® and the NYMEX Trading Floor

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of four electricity futures contracts (specifications below) for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort.

PRODUCT SPECIFICATIONS

Title, Rule Chapter and Commodity Code

Contract	Code	Rule Chapter
Ontario Peak Calendar-Month Swap Futures	OPM	960
Ontario Off-Peak Calendar-Month Swap Futures	OFM	961
Ontario Peak Calendar-Day Swap Futures	OPD	964
Ontario Off-Peak Calendar-Day Swap Futures	OFD	965

Listing Schedule

For the Calendar-Month (peak and off-peak) contracts, the first listed contract month shall be March 2011. The contracts will be listed for the current year plus the next four calendar years. A new calendar year will be added following the termination of trading in the December contract of the current year.

For the Calendar-Day (peak and off-peak) contracts, the first listed contract day shall be the February 7, 2011 contract day. The daily contracts will list current month plus the next month.

Days and Hours

Peak day shall mean "Peak day" shall mean a Monday through Friday, excluding North American Electric Reliability Corporation holidays. From Hour Ending (HE) 0800 Eastern Prevailing Time (EPT) through HE 2300 EPT.

Off-Peak shall mean a Monday through Friday Hour Ending (HE) 0100-0700 and 2400 Eastern Prevailing Time (EPT) Saturday-Sunday HE 0100-2400 EPT including North American Electric Reliability Corporation Holidays.

Contract Quantity

Peak monthly contract: The contract quantity shall be 80 Megawatt Hours (MWH) and is based on 5 megawatts for peak daily hours. Transaction sizes for trading in any delivery month shall be restricted to whole number multiples of the number of peak days in the month. Each futures contract shall be valued at the contract quantity multiplied by the settlement price.

Off-peak monthly contract: The contract quantity shall be 5 Megawatts Hours (MWH). Transaction sizes for trading in any contract month shall be restricted to whole number multiples of the number of off-peak hours in the month. Each futures contract shall be valued at the contract quantity multiplied by the settlement price.

Peak daily contract: The contract quantity shall be 80 Megawatt hours (MWh) and is based on 5 Megawatts for peak daily hours. Transaction sizes for trading in any contract day shall be restricted to whole number multiples of the number of peak hours in the contract day. Each futures contract shall be valued at the contract quantity multiplied by the settlement price.

Off-peak daily contract: The contract quantity shall be 5 Megawatt hours (MWh). Transaction sizes for trading any contract day shall be restricted to whole number multiples of the number of off-peak hours in the contract day. Each futures contract shall be valued as the contract quantity multiplied by the settlement price.

Prices and Fluctuations

Prices shall be quoted in Canadian dollars and cents per MWH. The minimum price fluctuation shall be CAD 0.05 per MWH. There shall be no maximum price fluctuation.

Termination of Trading

Peak and Off-peak monthly contract: Trading shall cease the last business day of the contract month.

Peak daily contract: Trading shall cease on the business day that is the peak day. When the peak day is not a business day, trading shall cease on the previous business day.

Off-peak daily contract: Trading shall cease on the business day that is the off-peak day. When the off-peak day is not a business day, trading shall cease on the previous business day.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rules 40.2 and 40.6, the Exchange hereby certifies that listing of the attached contracts complies with the Act, including regulations under the Act. The listing of these contracts will become effective on trade date February 7, 2011.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2207 or Brad Leach at (212) 299-2609 or me at (212) 299-2207.

Sincerely,

/s/ Felix Khalatnikov
Dir & Assoc General Counsel

Attachments: Contract Terms and Conditions
Cash Market Overview and Analysis of Deliverable Supply

Chapter 960
Ontario Peak Calendar-Month Swap Futures

960.01. SCOPE
The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

960.02. FLOATING PRICE
The Floating Price for each contract month will be equal to the arithmetic average of the hourly Ontario energy price as determined by the Ontario Independent Electricity System Operator (IESO) for all peak hours for the contract month. For settlement of this contract, the prices provided by IESO will be considered final on the payment date stated in Rule 960.10 and will not be subject to any further adjustment.

960.03. PEAK DAYS
"Peak day" shall mean a Monday through Friday, excluding North American Electric Reliability Corporation holidays.

960.04. PEAK HOURS
From Hour Ending (HE) 0800 Eastern Prevailing Time (EPT) through HE 2300 EPT.

960.05. CONTRACT QUANTITY AND VALUE
The contract quantity shall be 80 Megawatt Hours (MWH) and is based on 5 megawatts for peak daily hours.

Transaction sizes for trading in any delivery month shall be restricted to whole number multiples of the number of peak days in the month.

Each futures contract shall be valued at the contract quantity multiplied by the settlement price.

960.06. CONTRACT MONTHS
Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

960.07. PRICES AND FLUCTUATIONS
Prices shall be quoted in Canadian dollars and cents per MWH. The minimum price fluctuation shall be CAD 0.05 per MWH. There shall be no maximum price fluctuation.

960.08. TERMINATION OF TRADING
Trading shall cease the last business day of the contract month.

960.09. FINAL SETTLEMENT
Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

960.10. PAYMENT DATE
Five (5) business days following each contract month.

960.11. EXCHANGE FOR RELATED POSITION
Any exchange for related position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

Chapter 961
Ontario Off-Peak Calendar-Month Swap Futures

961.01. SCOPE
The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

961.02. FLOATING PRICE
The Floating Price will be determined for each contract month. The Floating Price will be equal to the arithmetic average of the hourly Ontario energy prices provided by the Ontario Independent Electricity System Operator (IESO) for all off-peak hours in the contract month. For settlement of this contract, the prices provided by IESO will be considered final on the payment date stated in Rule 961.09 and will not be subject to any further adjustment.

961.03. OFF-PEAK DAYS AND HOURS
Off-Peak shall mean Monday through Friday Hour Ending (HE) 0100-0700 and 2400 Eastern Prevailing Time (EPT) Saturday-Sunday HE 0100-2400 EPT including North American Electric Reliability Corporation Holidays.

961.04. CONTRACT QUANTITY AND VALUE
The contract quantity shall be 5 Megawatts Hours (MWH). Transaction sizes for trading in any delivery month shall be restricted to whole number multiples of the number of off-peak hours in the month.

Each futures contract shall be valued at the contract quantity multiplied by the settlement price.

961.05. CONTRACT MONTHS
Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

961.06. PRICES AND FLUCTUATIONS
Prices shall be quoted in Canadian dollars and cents per MWH. The minimum price fluctuation shall be CAD 0.05 per MWH. There shall be no maximum price fluctuation.

961.07. TERMINATION OF TRADING
Trading shall cease the last business day of the contract month.

961.08. FINAL SETTLEMENT
Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

961.09. PAYMENT DATE
Five (5) business days following each contract month.

961.10. EXCHANGE FOR RELATED POSITION
Any exchange for related position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

Chapter 964
Ontario Peak Calendar-Day Swap Futures

964.01. SCOPE
The provisions of these Rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Daily Floating Price.

964.02. DAILY FLOATING PRICE
The Floating Price for each contract day will be equal to the arithmetic average of the hourly Ontario energy price as determined by the Ontario Independent Electricity System Operator (IESO) for all peak hours for the contract day. For settlement of this contract, the prices provided by IESO will be considered final on the payment date stated in Rule 964.10 and will not be subject to any further adjustment.

964.03. PEAK DAYS
"Peak day" shall mean a Monday through Friday, excluding North American Electric Reliability Corporation holidays.

964.04. PEAK HOURS
From Hour Ending (HE) 0800 Eastern Prevailing Time (EPT) through HE 2300 EPT.

964.05. CONTRACT QUANTITY AND VALUE
The contract quantity shall be 80 Megawatt hours (MWh) and is based on 5 Megawatts for peak daily hours. Transaction sizes for trading in any contract day shall be restricted to whole number multiples of the number of peak days in the contract day.

Each futures contract shall be valued at the contract quantity multiplied by the settlement price.

964.06. CONTRACT DAYS
Trading shall be conducted in contracts in such days as shall be determined by the Exchange.

964.07. PRICES AND FLUCTUATIONS
Prices shall be quoted in Canadian dollars and cents per MWH. The minimum price fluctuation shall be CAD 0.05 per MWH. There shall be no maximum price fluctuation.

964.08. TERMINATION OF TRADING
Trading shall cease on the business day that is the peak day. When the peak day is not a business day, trading shall cease on the previous business day.

964.09. FINAL SETTLEMENT
Delivery under the contract shall be by cash settlement. The cash-settlement price will be based on the Daily Floating Price which is determined for the peak day.

964.10. PAYMENT DATE
Five (5) business days following the termination of trading.

964.11. EXCHANGE FOR RELATED POSITION
Any exchange for related position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

Chapter 965
Ontario Off-Peak Calendar-Day Swap Futures

965.01. SCOPE
The provisions of these Rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Daily Floating Price.

965.02. DAILY FLOATING PRICE
The Floating Price for each contract day will be equal to the arithmetic average of the hourly Ontario energy price as determined by the Ontario Independent Electricity System Operator (IESO) for all peak hours for the contract day. For settlement of this contract, the prices provided by IESO will be considered final on the payment date stated in Rule 965.09 and will not be subject to any further adjustment.

965.03. OFF-PEAK DAYS AND HOURS
Off-Peak shall mean Monday through Friday Hour Ending (HE) 0100-0700 and 2400 Eastern Prevailing Time (EPT) Saturday-Sunday HE 0100-2400 EPT including North American Electric Reliability Corporation Holidays.

965.04. CONTRACT QUANTITY AND VALUE
The contract quantity shall be 5 Megawatt hours (MWh). Transaction sizes for trading in any contract day shall be restricted to whole number multiples of the number of off-peak hours in the contract day.

Each futures contract shall be valued at the contract quantity multiplied by the settlement price.

965.05. CONTRACT DAYS
Trading shall be conducted in contracts in such days as shall be determined by the Exchange.

965.06. PRICES AND FLUCTUATIONS
Prices shall be quoted in Canadian dollars and cents per MWH. The minimum price fluctuation shall be CAD 0.05 per MWH. There shall be no maximum price fluctuation.

965.07. TERMINATION OF TRADING
Trading shall cease on the business day that is the off-peak day. When the off-peak day is not a business day, trading shall cease on the previous business day.

965.08. FINAL SETTLEMENT
Delivery under the contract shall be by cash settlement. The cash-settlement price will be based on the Daily Floating Price which is determined for the off-peak day.

965.09. PAYMENT DATE
Five (5) business days following the termination of trading.

965.10. EXCHANGE FOR RELATED POSITION
Any exchange for related position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

CASH MARKET OVERVIEW

IESO Background

The Independent Electricity System Operator[1] (IESO) is a non-profit, corporate entity without share capital established in 1998 by the Electricity Act of Ontario. Independent of all other electricity marketplace participants, the IESO is governed by a board of directors, appointed by the Minister of Energy to oversee the management of the organization's business and affairs. The IESO fulfills the following responsibilities:

- Direct the operation and maintain the reliability of the IESO-controlled grid
- Operate the wholesale electricity market, overseeing the development of the rules that govern the market, and supporting participants in their interactions with the market
- Act as the Reliability Coordinator for the province, developing and enforcing reliability standards
- Provide forecasts and evaluations of Ontario's current and short-term electricity needs and the adequacy and reliability of the integrated power system to meet those needs
- Coordinate activities with system operator counterparts outside Ontario
- Manage the settlements and financial operations of the $13 billion wholesale market
- Oversee emergency preparedness activities for Ontario's power system
- Evolve the wholesale market for the benefit of all consumers working in partnership with stakeholders

Price Determination

Ontario power system is based on 24-hour operation and wholesale prices are set at 5 minutes interval and are determined based on the following steps:

1. Each day, the IESO issues forecasts of how much energy will be needed throughout the following day and up to the month ahead - including an "energy reserve," of roughly 1400 MW above what is actually consumed. This is extra supply that is on standby and called upon in emergencies. These forecasts are continually updated as new information comes in -- such as changes in

[1] http://www.ieso.ca/imoweb/about/about_the_ieso.asp

weather. Typically, the IESO's day-ahead forecasts are highly accurate, with less than a two percent variance from the actual demand figures.

2. Generators and importers of electricity review the forecast information and determine how much electricity they can supply and at what price. They send these "offers" to supply electricity into the IESO. Similarly, large-volume consumers of electricity that have the ability to change their consumption patterns on very short notice decide whether there are times of the day when they can cut back on energy use, and offer that into the market as well.

3. The IESO then matches the offers to supply electricity against the forecasted demand. It first accepts the lowest priced offers and then "stacks" up the higher priced offers until enough have been accepted to meet customer demands. All suppliers are paid the same price - the market-clearing price. This is based on the last offer accepted.

4. This price approach encourages generators to keep their offer prices low in expectation of selling all or most of their potential energy output at the prevailing market price. Without the stacked market-clearing price, the overall result could be a much more volatile marketplace. The Market Clearing Price approach ensures the lowest possible price while maintaining reliability of the system.

5. The IESO collects bids and offers until two hours before the energy is needed, so "pre-dispatch" prices, or the price of electricity before the bidding window has closed, can fluctuate as new bids come in. The IESO will issue its instructions to power suppliers based on the winning bids, who then provide electricity into the power system for transmission and distribution to customers. The IESO runs a real-time market, meaning purchases of electricity are made as they are needed. There are occasions, when the best priced energy may not be available due to limitations on the transmission lines. In this case, that generator's offer is still used to help set the price, but another generator may be asked to provide the electricity.

Supply [2]

Ontario electricity system includes 34,557 MW of installed generation. Table 1 shows Ontario generation mix as of October 2010. Nuclear plants have been the main source providing a high level of baseload generation of 33% of the fuel mix. Natural gas-fuelled generation represents 27% of the supply. Hydro is the third largest category of supply. Also, Ontario generation system is undergoing a transition to include more sustainable energy fuel to the supply mix.

Table 1: Ontario Electricity Supply Mix

Generation Type	Installed Capacity (MW)	Installed capacity (%)
Nuclear	11,446	33%
Gas	9,497	27%
Coal	4,484	13%
Hydro	7,924	23%
Wind	1,084	3%
Other (woodwaste, etc.)	122	0%

Due to its high voltage transmission grid connection to major system such as New York, Manitoba, Quebec, Michigan and Minnesota, Ontario electricity sector can import and export about 4,600 MW at any one time. Table 2 shows the annual MW imported and exported from 1997 to 2010.

Table 2: Ontario Electricity Imports and Exports

Year	Imports (TWh)	Exports (TWh)	Net Imports (TWh)
2010	6.4	15.2	-8.8
2009	4.8	15.1	-10.3
2008	11.3	22.2	-10.9
2007	7.2	12.3	-5.1
2006	6.2	11.4	-5.2
2005	11	10.2	0.8
2004	9.8	9.5	0.3
2003	10.4	6.3	4.1
2002	7.1	3.9	3.2
2001	4.3	4.1	0.2
2000	5.1	5.5	-0.4
1999	6	4	2
1998	6	3	3
1997	3.8	6.4	-2.6

[2] http://www.ieso.ca/imoweb/media/md_supply.asp

Demand

Electricity demand is influenced by many factors including weather, consumption, business hours, etc. The demand peaks between 4 p.m. and 7 p.m. and it can range from 10,000 to 13,000 MWH. Table 3 below shows annual Ontario energy demand from 1997 to 2010. The IESO forecasts peak demand to ensure that power demand and supply are balanced. Table 4 shows peak demand forecasts.

Table 3: Total Annual Ontario Energy Demand[3]

Year	Total (TWh)	Increase Over Previous Year
2010	142	2.2%
2009	139	-6.1%
2008	148	-2.3%
2007	152	0.7%
2006	151	-3.8%
2005	157	2.3%
2004	153	1.1%
2003	152	-0.7%
2002	153	4.1%
2001	147	0%
2000	147	2.1%
1999	144	2.9%
1998	140	1.4%
1997	138	

Table 4: Peak Demand Forecasts[4]

Season	Seasonal Normal Weather Peak (MW)	Extreme Weather Peak (MW)
Winter 2010-11	22,271	23,346
Summer 2011	23,481	25,861
Winter 2011-12	22,249	23,386

Prices

Table 5 below shows the Ontario average weighted hourly prices. The average annual price was CAD 3.79 in 2010 and CAD 3.16 in 2009. Pool prices are influenced by the demand and supply factors.

[3] http://www.ieso.ca/imoweb/media/md_demand.asp
[4] http://www.ieso.ca/imoweb/media/md_demand.asp

Table 5: Average Prices[5]

Average Weighted Hourly Price (¢/kWh)													
Year	Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	-	-	-	-	-	-	-	-	-	-	-	-	-
2010	3.79	3.83	3.64	2.88	3.17	4.04	4.16	5.43	4.68	3.43	3.02	3.25	3.48
2009	3.16	5.48	4.86	3.06	1.96	2.91	2.48	2.01	2.84	2.21	3.03	2.76	3.6
2008	5.17	4.25	5.44	5.82	5.14	3.65	6.23	6.23	5	5.23	4.71	5.36	4.83
2007	5.05	4.62	6.08	5.69	4.8	4.11	4.8	4.72	5.73	4.76	5.12	4.85	5.18
2006	4.88	5.71	4.9	5.01	4.54	4.96	4.82	5.43	5.67	3.68	4.17	5.14	4.17
2005	7.21	5.98	5.05	6.1	6.36	5.47	7.12	8.2	9.52	9.97	8.02	6.07	8.39
2004	5.22	6.95	5.43	5.02	4.73	5.05	4.94	4.78	4.55	5.13	5.04	5.38	5.28
2003	5.76	6.23	8.86	8.48	6.16	4.51	4.53	4.27	5.15	5.05	5.9	4.19	4.68

Market Participants

Table 6 below provides a partial listing of market participants in the Ontario power market.

Table 6: Market Participants

Retail Providers	Generation Operators	Marketers	Financial Participants	OTC brokers
Direct Energy Regulated Services	TransCanada Power	Transalta Energy Marketing	CitiGroup	ICAP
Capital Power		BP	JP Morgan	Prebon
Enmax Energy		Twin Cities Power	Morgan Stanley	One Exchange Corp
		LDH Energy		Canax
		Constellation New Energy		
		West Oaks Energy		
		Bruce Power		
		Nexen		
		Direct Energy Marketing Ltd.		

[5] http://ieso.com/imoweb/siteShared/monthly_prices.asp?sid=ic

ANALYSIS OF DELIVERABLE SUPPLY

There are two basic types of futures contracts proposed under this submission: peak and off-peak. For each, the underlying unit is 5 megawatts per hour. The peak contract is the financial equivalent of 5 MW per hour for each peak hour of a peak day—16 hours in total—leading to a contract size of 80 megawatt-hours (MWh). The off-peak contract is structured as one off-peak hour with a contract size of 5 MWh.

There are restrictions placed on transaction sizes of the peak contracts. Transactions of the peak contract must be conducted in multiples of the number of peak days in the contract month. This can range from 19-23 peak days. The combination of contract size and these transaction conditions will provide market participants with futures contracts that satisfy the need for a lower unit and a monthly commercial contract structure. Transactions of the off-peak contract are restricted to the total number of off-peak hours in the transaction month—approximately 390 hours depending on the month. The combination of contract size and these transaction conditions will provide market participants with futures contracts that satisfy the need for a lower unit and a monthly commercial contract structure.

Peak days and hours shall mean a Monday through Friday, excluding North American Electric Reliability Corporation holidays From Hour Ending (HE) 0800 Eastern Prevailing Time (EPT) through HE 2300 EPT. Off-Peak shall mean Monday through Friday Hour Ending (HE) 0100-0700 and 2400 Eastern Prevailing Time (EPT) Saturday-Sunday HE 0100-2400 EPT including North American Electric Reliability Corporation Holidays. Table 7 below shows the number of peak and off peak hours during 2010.

Table 7 Peak/Off-Peak Hours (2010)

	on-peak hours	off-peak hours
January	320	424
February	320	352
March	368	376
April	352	368
May	320	424
June	352	368
July	336	408
August	352	392
September	336	384
October	336	408
November	336	384

	on-peak hours	off-peak hours
December	368	376
Total	**4,096**	**4,664**
Percentage	**47%**	**53%**

The total system load was 142,194,821[6] (MW) in 2010. The data is reported hourly by IESO. The average hourly demand is 16,232 MW and the average monthly load is 11,849,568. The adjusted peak monthly load is 5,569,297 (percentage of peak hours*average monthly load) which is equivalent to 69,616 NYMEX contracts. The proposed limit for monthly peak is 6,000 contracts and represents 9% of the deliverable supply. The proposed limit for the daily peak is 300 contracts (or 6,000 contracts / 20 business days).

The adjusted off-peak monthly load is 6,280,271 (percentage of off peak hours*average monthly load) which is equivalent to 1,256,054 NYMEX contracts. The proposed limit for the monthly off-peak is 100,000 contracts and represents 8% of the deliverable supply. The proposed limit for daily off-peak is 5,000 contracts (or 100,000 contracts / 20 business days). Table 8 below shows the derivation of the proposed position limits.

Table 8: Position Limits Derivation

2010 Total MW	142,194,821
Monthly Adjust	11,849,568
Total Peak Mo Hours	5,569,297
NYMEX contracts	69,616
Proposed Limits for Peak Monthly	6,000
Percentage of Deliverable Supply	9%
Proposed Limits for Peak Daily	300
Total Off peak hours	6,280,271
NYMEX contracts	1,256,054
Propose Limits for Off-Peak	100,000
Percentage of Deliverable Supply	8%
Proposed Limits for Off Peak Daily	5000

[6] http://www.ieso.ca/imoweb/marketdata/marketData.asp (under "Hourly Demands")