



A CME/Chicago Board of Trade/NYMEX Company

May 29, 2009

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OFFICE OF THE SECRETARIAT
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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# 09.92:
Notification Regarding the Listing of Two (2) New Electricity Contracts,
PJM PECO Zone 5 MW Peak and Off-Peak Calendar-Month Day-Ahead LMP
Swap Futures Contracts on CME ClearPort®**

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 PJM PECO Zone 5 MW Peak and Off-Peak Calendar-Month Day-Ahead LMP Swap Futures contracts for trading on CME ClearPort and for submission for clearing on CME ClearPort.

The two (2) new contracts, commodity codes and chapter numbers are listed below:

- PJM PECO Zone 5 MW Peak Calendar-Month Day-Ahead LMP Swap Futures (code 4N, Chapter 182)
- PJM PECO Zone 5 MW Off-Peak Calendar-Month Day-Ahead LMP Swap Futures (code 4P Chapter 183)

The above-referenced electricity swap futures contracts will be listed for trading on CME ClearPort beginning on Sunday, June 7, 2009 for trade date Monday, June 8, 2009. The first listed month for these contracts will be July 2009. Monthly PJM PECO contracts will list current year plus the next five calendar years, consecutively, with a new calendar year added following the termination of trading in the December contract month of the current year.

Although the supplemental market information attached herewith includes the recommended position limits for this contract, a separate filing will be submitted to the Commission to self-certify those position limits.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rules 40.2 and 40.6, the Exchange hereby certifies that the attached contracts comply with the Act, including regulations under the Act. The listing of these contracts will become effective on trade date June 8, 2009.

Should you have any questions concerning the above, please contact Brad Leach at (212) 299-2609, or me at (312) 648-5422.

Sincerely,

/s/ Stephen M. Szarmack
Director and Associate General Counsel

Attachments: Contract Terms and Conditions
Supplemental Market Information

PJM PECO Zone 5 MW Peak Calendar-Month Day-Ahead LMP Swap Futures

182.01 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.

182.02 Floating Price

The Floating Price for each contract month will be equal to the arithmetic average of the PJM PECO Zone Day-Ahead LMP for peak hours provided by PJM Interconnection, LLC (PJM) for the contract month. For settlement of this contract, the prices provided by PJM will be considered final on the payment date stated in Rule 182.10 and will not be subject to any further adjustment.

182.03 Peak Days

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

182.04 Peak Hours

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

182.05 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 contract month.

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

182.06 Contract Months

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

182.07 Prices and Fluctuations

Prices shall be quoted in U.S. dollars and cents per MWh. The minimum price fluctuation shall be \$0.05 per MWh. There shall be no maximum price fluctuation.

182.08 Termination of Trading

Trading shall cease the last business day of the contract month.

182.09 Final Settlement

Delivery under the PJM PECO Zone 5MW Peak Calendar-Month Day-Ahead LMP Swap Futures 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.

182.10 Payment Date

Five (5) business days following each contract month.

182.11 Exchange of Futures for, or in Connection with, Product and Exchange of Futures for, or in Connection with, Swap Transactions

Any exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

PJM PECO Zone 5 MW Off-Peak Calendar-Month Day-Ahead LMP Swap Futures

183.01 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.

183.02 Floating Price

The Floating Price will be determined for each contract month. The Floating Price will be equal to the arithmetic average of the PJM PECO Zone Day-Ahead LMP provided by PJM Interconnection, LLC (PJM) for all off-peak hours in the contract month. For settlement of this contract, the prices provided by PJM will be considered final on the payment day stated in Rule 183.09 and will not be subject to any further adjustment.

183.03 Off-Peak Days and Hours

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

183.04 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 contract month.

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

183.05 Contract Months

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

183.06 Prices and Fluctuations

Prices shall be quoted in U.S. dollars and cents per MWh. The minimum price fluctuation shall be \$0.05 per MWh. There shall be no maximum price fluctuation.

183.07 Termination of Trading

Trading shall cease on the last business day of the contract month.

183.08 Final Settlement

Delivery under the PJM PECO Zone 5 MW Off-Peak Calendar-Month Day-Ahead LMP Swap Futures 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.

183.09 Payment Date

Five (5) business days following each contract month.

183.10 Exchange of Futures for, or in Connection with, Product and Exchange of Futures for, or in Connection with, Swap Transactions

Any exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

Supplemental Market Information

PJM Interconnection LLC

PJM Interconnection LLC (PJM) is an independent Regional Transmission Organization (RTO) that performs a vital role in the U.S. electric system by providing its membership with opportunities for buying and selling power, arranging transmission service, and allowing the use of larger and more efficient generating units. PJM also manages a sophisticated regional planning process for generation and transmission expansion. PJM coordinates the movement of electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. With the implementation of the PJM Open Access Transmission Tariff on April 1, 1997, PJM began operating the nation's first regional, bid-based hourly energy market. PJM enables participants to buy and sell energy, schedule transactions and reserve transmission service. PJM provides accounting and billing services for these transactions using information supplied by each member utility. In addition, it operates the competitive wholesale energy market for the region and facilitates open access to transmission. Electricity suppliers who sell electricity to customers within the PJM zones must become Load Serving Entity (LSE) members of PJM, or contract with a third party LSE.

The PJM Energy Market comprises all types of energy transactions, including the sale or purchase of energy in PJM's Day-Ahead and Real-Time energy markets, bilateral and forward markets and self-supply. These markets provide key benchmarks against which market participants may measure results of transactions in other markets. The Exchange already offers PJM real-time contracts which are listed for trading and clearing on its platforms. In this submission, the Exchange is self-certifying the listing of PJM PECO Zone 5 MW Peak and Off-Peak Calendar-Month Day-Ahead LMP Swap Futures contracts. These new day-ahead contracts will serve as an additional risk management tool for PJM markets.

PECO Zone

PECO Company is an electric and natural gas utility subsidiary of Exelon Corporation. PECO is based in Philadelphia and serves 1.6 million electric customers and 491,000 natural gas customers located in southeastern Pennsylvania. PECO is the state's largest utility facility, operating and maintaining a network with 550 electric substations, 21,000 miles of distribution and transmission lines, 27 natural gas gate stations and 6,600 miles of underground gas mains.

Market Structure

PJM offers two basic energy markets for electricity participants: spot or real-time; and energy forward market which is known as the day-ahead market. In the real-time market, market participants enter bids and offers which are matched by PJM. Market clearing prices are generated by PJM and are posted on the PJM website. The day-ahead market operates through bids and offers for delivery during hours in the next day. PJM provides a market clearing function related to the submitted bids and offers and posts 24 hourly prices for the next PJM day. The real-time and day-ahead PJM markets are interrelated as actual generation and load may differ from forecasted generation and load expressed in the day-ahead market. Bids and offers in the real-time market provide the mechanism for the forecasted/actual differences. The futures contracts included herein will provide risk management for participants in the PJM day-ahead market.

Cash Market/Over-the-Counter Market Data

Exchange staff has reviewed both the relevant cash and over-the-counter (OTC) markets for these products. In general, it appears that the OTC derivatives markets for these products are less developed than the cash markets. That stated, we believe that the cash markets are sufficiently robust to provide underlying support for the listing of futures contracts. The PECO Zone is a vibrant market that includes activity in the off-exchange market as well as on the IntercontinentalExchange (ICE). ICE, however, does not regularly report its activity.

Table 1, below, illustrates the robust size of the PECO Zone physical and commercial market. The data is derived from quarterly power marketer filings required by the Federal Energy Regulatory Commission (FERC). These filings report the total Megawatt hour volume at named delivery locations. The reporting of market-based activity to FERC includes both cash and OTC markets. The filings do not segment the reported transactions by peak/off-peak or transaction duration. Platts obtains the quarterly filings and publishes the aggregation.

Position Limits

The following points describe the analysis applied to develop the spot limits:

- There are two basic types of futures contracts being submitted: 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 contracts 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 day shall mean a Monday through Friday, excluding North American Electric Reliability Corporation holidays. Peak Hours shall cover 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) and Saturday through Sunday HE 0100-2400 EPT including North American Electric Reliability Corporation holidays.
- Reporting of market based activity to FERC includes both cash and OTC markets. These filing report total MWh volume and do not segment the reported transactions by peak. Platts obtains the quarterly filings and publishes the aggregation. Table 1 includes information from the third quarter of 2008 (the most current report available).
- Day-Ahead load represents approximately 60% of total system load as opposed to 40% for Real-Time.

Table 1

Contract	MWh	MWh Per Month	MW*350 Hrs in Month	Day-Ahead Adjustment 60%	Peak 80 MWh	Off-Peak 5 MWh	Hub Peak Recommended Position Limits	Hub Off-Peak Recommended Position Limits
PECO	11,955,111	3,985,037	1,992,519	1,195,511	14,944	239,102	2,000	40,000

Market Participants

Excelon Power Team & Affiliates
 Dominion Resources
 FPL Energy & Affiliates
 Consolidated Edison Energy & Affiliates
 North American Energy Alliance
 Kimberly-Clark
 Round Rock Energy
 Xcel Energy Services

Brokers

Prebon
 Amerax
 Spectron
 TFS
 ICAP

Reference

The supplemental market information included in this section is available in the PJM State of the Market Report:

http://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2008.shtml