



A CME/Chicago Board of Trade/NYMEX Company

September 1, 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

RECEIVED
CFTC
2011 SEP -6 PM 3:43
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SECRETARIAT

**Re: Rule Certification. New York Mercantile Exchange, Inc. Submission# 11-335:
Notification Regarding the Listing of Two (2) NYISO Capacity 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 two (2) new NYISO Capacity swap futures contracts (specifications below) for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort beginning at 6:00 p.m. on Sunday, September 11, 2011, for trade date Monday, September 12, 2011.

Product Specifications:

Contract Title	NYISO Rest of the State Capacity Calendar-Month Swap Futures	NYISO NYC In-City Capacity Calendar-Month Swap Futures
Commodity Code	NRS	NNC
Contract Size	The contract quantity shall be 5 Megawatt months and is based on the NYISO \$/kW-Month capacity price quotation. Transaction sizes for trading in any contract month shall be restricted to whole number multiples of 5 Megawatt months. Each futures contract shall be valued at the contract quantity multiplied by the settlement price times 1,000.	The contract quantity shall be 5 Megawatt months and is based on the NYISO \$/kW-Month capacity price quotation. Transaction sizes for trading in any contract month shall be restricted to whole number multiples of 5 Megawatt months. Each futures contract shall be valued at the contract quantity multiplied by the settlement price times 1,000.
First Listed Month	October 2011	October 2011
Listing Period	Current season plus the next four seasons; six monthly contracts will be added following the termination of trading in the last monthly contract of the current season.	Current season plus the next three seasons; six monthly contracts will be added following the termination of trading in the last monthly contract of the current season.
Termination of Trading	Trading shall cease on the last business day of the month preceding the contract month.	Trading shall cease on the last business day of the month preceding the contract month.
Prices and Fluctuations	Prices shall be quoted in U.S. dollars and cents per kW-Month. The minimum price fluctuation shall be \$50 per MW-Month. There shall be no maximum price fluctuation.	Prices shall be quoted in U.S. dollars and cents per kW-Month. The minimum price fluctuation shall be \$50 per MW-Month. There shall be no maximum price fluctuation.
Minimum Price Tick	\$0.01	\$0.01

Season	A capacity year of NYISO includes two seasons: summer and winter. The summer season includes months of May through October, and the winter season includes months of November through April.	A capacity year of NYISO includes two seasons: summer and winter. The summer season includes months of May through October, and the winter season includes months of November through April.
Rule Chapter	1105	1106

Trading and Clearing Hours:

CME ClearPort: Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. Chicago Time/CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT).

Open Outcry: Monday – Friday 9:00 a.m. – 2:30 p.m. (8:00 a.m. – 1:30 p.m. CT).

Fee Schedule:

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	na	27.00	27.00	27.00	
Globex	na	na	na	na	na
ClearPort		27.00		27.00	

Processing Fees		
	Member	Non-Member
Cash Settlement	27.00	27.00
Futures from E/A	na	na

Additional Fees and Surcharges	
EFS Surcharge	na
Block Surcharge	na
Facilitation Desk Fee	0.90

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the NYISO capacity contracts into 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 in relation to the listing of the new NYISO capacity contracts. These terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level, and aggregation allocation for the new contracts.

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. There were no substantive opposing views to this proposal. The listing of these contracts will become effective on trade date Monday, September 12, 2011.

Should you have any questions concerning the above, please contact Brad Leach at (212) 299-2609, (917) 593-0020 or Bradford.Leach@cmegroup.com or the undersigned at (212) 299-2207, (347) 463-5347 or felix.khalatnikov@cmegroup.com.

Sincerely,

/s/Felix Khalatnikov
Dir & Assoc General Counsel

Attachments: Appendix A: Rule Chapter
Appendix B: Chapter 5 Table
Appendix C: Cash Market Overview and Analysis of Deliverable Supply

Chapter 1105
NYISO Rest of the State Capacity Calendar-Month Swap Futures

1105100. SCOPE

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

1105101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month will be the "Price (\$/kW-M)" for area labeled as "NYCA" (New York Control Area) from the "Spot Market Auction Results – UCAP", published on the New York Independent System Operator (NYISO) website according to the NYISO "Event Calendar". For settlement of this contract, the prices provided by NYISO will be considered final on the Payment Date and will not be subject to any further adjustment.

1105102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by the Exchange.

1105102.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1105102.B. Trading Unit

The contract quantity shall be 5 Megawatt Months and is based on the NYISO \$/kW-Month capacity price quotation. Transaction sizes for trading in any contract month shall be restricted to whole number multiples of 5 Megawatt Months. Each futures contract shall be valued at the contract quantity multiplied by the settlement price times 1,000.

1105102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per kW-Month. The minimum price fluctuation shall be \$0.01 per kW-Month.

1105102.D. Position Limits and Position Accountability

In accordance with Rule 559, no person shall own or control positions in excess of 400 contracts net long or net short in the spot month.

1. the all-months accountability level shall be 2,800 contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 2,000 contracts net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1105102.E. Termination of Trading

The contract shall terminate on the last business day of the month preceding the contract month.

1105102.F. Payment Date

Payment Date shall be five (5) business days following termination of trading.

1105103. FINAL SETTLEMENT

Final settlement 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.

1105104. DISCLAIMER

NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PRICE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING AND/OR CLEARING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX OR ITS AFFILIATES HAVE ANY LIABILITY

Appendix A

FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Chapter 1106 NYISO NYC In-City Capacity Calendar-Month Swap Futures

1106100. SCOPE

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

1106101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month will be the "Price (\$/kW-M)" for area labeled as "NYC" from the "Spot Market Auction Results – UCAP", published on the New York Independent System Operator (NYISO) website according to the NYISO "Event Calendar". For settlement of this contract, the prices provided by NYISO will be considered final on the Payment Date and will not be subject to any further adjustment.

1106102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by the Exchange.

1106102.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1106102.B. Trading Unit

The contract quantity shall be 5 Megawatt Months and is based on the NYISO \$/kW-Month capacity price quotation. Transaction sizes for trading in any contract month shall be restricted to whole number multiples of 5 Megawatt Months. Each futures contract shall be valued at the contract quantity multiplied by the settlement price times 1,000.

1106102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per kW-Month. The minimum price fluctuation shall be \$0.01 per kW-Month.

1106102.D. Position Limits and Position Accountability

In accordance with Rule 559, no person shall own or control positions in excess of 200 contracts net long or net short in the spot month.

3. the all-months accountability level shall be 1,400 contracts net long or net short in all months combined;
4. the any-one month accountability level shall be 1,000 contracts net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1106102.E. Termination of Trading

The contract shall terminate on the last business day of the month preceding the contract month.

1106102.F. Payment Date

Payment Date shall be five (5) business days following termination of trading.

1106103. FINAL SETTLEMENT

Final settlement 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.

1106104. DISCLAIMER

NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PRICE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING AND/OR CLEARING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX OR ITS AFFILIATES HAVE ANY LIABILITY

Appendix A

FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

NYMEX RULEBOOK CHAPTER 5 POSITION LIMIT TABLE
 (Bold/underline indicates additions; strikethrough indicates deletions)

<u>Contract Name</u>	<u>Rule Chapter</u>	<u>Commodity Code</u>	<u>All Month Accountability Level</u>	<u>Any One Month Accountability Level</u>	<u>Expiration Month Limit</u>	<u>Reporting Level</u>	<u>Aggregate Into (1)</u>
			<u>Rule 560</u>	<u>Rule 560</u>	<u>Rule 559</u>	<u>Rule 561</u>	
<i>Capacity Contracts</i>							
<u>NYISO Rest of the State Capacity Calendar-Month Swap Futures</u>	<u>1105</u>	<u>NRS</u>	<u>2,800</u>	<u>2,000</u>	<u>400</u>	<u>25</u>	<u>NRS</u>
<u>NYISO NYC In-City Capacity Calendar-Month Swap Futures</u>	<u>1106</u>	<u>NNC</u>	<u>1,400</u>	<u>1,000</u>	<u>200</u>	<u>25</u>	<u>NNC</u>

Interpretations and Special Notices Relating to Chapter 5
 Position Limit, Position Accountability and Reportable Level Table
 Header Notes

13. The current delivery month position limits for Capacity contracts are effective on the last three trading days of the expiring futures contracts.

CASH MARKET OVERVIEW

NEW YORK ISO

The New York Independent System Operator (NYISO) manages New York's electricity transmission grid – a 10,892-mile network of high-voltage lines that carry electricity throughout the state. The NYISO also oversees wholesale electricity markets where more than \$75 billion has been transacted since 1999. The NYISO facilitates and administers the markets for installed capacity, energy, ancillary services, and transmission congestion contracts. The NYISO also administers the scheduling of firm and non-firm point-to-point transmission service and Network Integration Transmission Service.

NYISO ICAP Market

The NYISO Installed Capacity (ICAP) Market is designed to promote resource adequacy and provide suppliers means to recover a portion of their fixed (capital) costs. It is different from the day-ahead and real-time energy markets in that the transacted items are capacity (the ability to provide power at any point in time) instead of consumption (the amount of power provided over a period of time). As required by NYISO's Comprehensive Reliability Planning Process (CRPP) established in 2005, New York State Reliability Council (NYSRC) and the NYISO jointly determine the resource adequacy requirements in New York. These requirements include 1) NYRSC's determination of the installed reserve margin (IRM) for the entire New York Control Area (NYCA); and 2) NYISO's calculation of ICAP requirements by multiplying the IRM by NYISO's annual peak load forecast. The resulting ICAP requirements are then used to determine each generation resource's capacity. Load serving entities (LSEs) are responsible for procuring sufficient capacity for their loads. Once procured, the capacity becomes ICAP and can be used to offset the ICAP requirements of the LSE's customers.

Cash Market/OTC Market Data

The procurement of ICAP can be done through four markets: the bilateral market between load serving entities and suppliers, the NYISO Capability Period Auctions (6-month strip), the NYISO Monthly Auctions (remaining months in a capability period), and the NYISO Spot Market Auction (1-month). The capacity procured from all four markets can be delivered to fulfill the NYISO ICAP requirements, while the spot

auction sets the monthly price for any residual capacity that are not fulfilled through the four aforementioned markets.

Below are results from the NYISO ICAP auctions for capacity year 2010/2010 (www.nyiso.com).

Auction Results for Rest of the State for Capacity Year 2010/2011 (MW-Month)				
Mon-Yr	Strip Auction	Monthly Auction	Spot Auction	Total
May-10	2,868	3,372	4,967	11,207
Jun-10	2,868	3,807	5,467	12,142
Jul-10	2,868	3,620	5,142	11,631
Aug-10	2,868	3,268	4,559	10,695
Sep-10	2,868	3,662	4,029	10,559
Oct-10	2,868	3,464	4,142	10,474
Nov-10	2,692	3,689	5,088	11,469
Dec-10	2,692	3,993	4,334	11,018
Jan-11	2,692	3,273	5,686	11,651
Feb-11	2,692	3,799	4,800	11,290
Mar-11	2,692	3,979	4,019	10,690
Apr-11	2,692	3,862	4,208	10,762

Auction Results for NYC In-City for Capacity Year 2010/2011 (MW-Month)				
Mon-Yr	Strip Auction	Monthly Auction	Spot Auction	Total
May-10	1,097	336	3,632	5,065
Jun-10	1,097	1,897	2,168	5,161
Jul-10	1,097	1,701	2,385	5,183
Aug-10	1,097	1,484	2,607	5,188
Sep-10	1,097	1,847	2,341	5,285
Oct-10	1,097	1,758	2,399	5,254
Nov-10	1,110	830	3,392	5,331
Dec-10	1,110	1,991	2,152	5,253
Jan-11	1,110	1,976	1,973	5,058
Feb-11	1,110	1,670	2,270	5,051
Mar-11	1,110	1,723	2,985	5,818
Apr-11	1,110	1,720	2,241	5,070

The average monthly auction volume is 11,132 MW-Months for Rest of the State and 5,266 MW-Months for NYC In-City.

Market Participants

Table below includes some of the active participants in the NYISO Capacity market.

Retail Providers	Generation Operators	Marketers	Financial Participants	OTC Brokers
ConEd Solutions	U.S. Power Gen	Constellation Energy Group	Merrill Lynch	TFS
Constellation NewEnergy	NRG	British Petroleum	Goldman Sachs	ICAP
Direct Energy	TransCanada Ravens Woods	NRG Texas	Deutsche Bank	
Hess Corporation		Entergy Koch	UBS	
Just Energy		Green Mountain Energy	JP Morgan	

ANALYSIS OF DELIVERABLE SUPPLY

The proposed swap futures contracts under this submission are monthly contracts. The contract quantity shall be 5 Megawatt Months and is based on the NYISO \$/kW-Month capacity price quotation. Transaction sizes for trading in any contract month shall be restricted to whole number multiples of 5 Megawatt Months.

The average monthly auction volume for the Rest of the State capacity market is 11,132 MW-Months, which is the equivalent of 2,226 NYMEX contracts. The proposed limit for the Rest of the State contract is 400 contracts or approximately 18% of the average monthly auction volume.

The average monthly auction volume for the NYC In-City capacity market is 5,226 MW-Months, which is the equivalent of 1,045 NYMEX contracts. The proposed limit for the NYC In-City contract is 200 contracts or approximately 9% of the average monthly auction volume.