

November 5, 2009

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# 09-266: Notification Regarding the of Listing Two (2) New Electricity 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 NYISO Zone F 5 MW Peak Calendar-Month Day-Ahead LBMP Swap Futures and NYISO Zone F 5 MW Off-Peak Calendar-Month Day-Ahead LBMP Swap Futures for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort.

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

Contract	Chapter	Code
NYISO Zone F 5 MW Peak Calendar-Month Day-Ahead LBMP Swap Futures	907	4L
NYISO Zone F 5 MW Off-Peak Calendar-Month Day-Ahead LBMP Swap Futures	908	4M

The above-listed electricity swap futures contracts will be listed for trading on the NYMEX trading floor and for clearing through CME ClearPort beginning on Sunday, November 8, 2009 for trade date Monday, November 9, 2009. The first listed month for these contracts will be the December 2009 contract month. Monthly NYISO Zone F contracts will list current year plus the next five calendar years with a new calendar year added following the termination of trading in the December contract month of the current year. These new futures contracts will be cash-settled.

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 November 9, 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 Szarmack
Director and Associate General Counsel

Attachments: Contract Terms and Conditions
Supplemental Market Information

Chapter 907

NYISO Zone F 5 MW Peak Calendar-Month Day-Ahead LBMP Swap Futures

- 907.01. 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.
- 907.02. FLOATING PRICE**
The Floating Price for each contract month will be equal to the arithmetic average of the NYISO Zone F Day-Ahead LBMP for peak hours provided by New York Independent Systems Operator (NYISO) for the contract month. For settlement of this contract, the prices provided by NYISO will be considered final on the payment date stated in Rule 907.10 and will not be subject to any further adjustment.
- 907.03. PEAK DAYS**
"Peak day" shall mean a Monday through Friday, excluding North American Electric Reliability Corporation holidays.
- 907.04. PEAK HOURS**
From Hour Ending (HE) 0800 Eastern Prevailing Time (EPT) through HE 2300 EPT.
- 907.05. 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.
- 907.06. CONTRACT MONTHS**
Trading shall be conducted in contracts in such months as shall be determined by the Exchange.
- 907.07. 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.
- 907.08. TERMINATION OF TRADING**
Trading shall cease the last business day of the contract month.
- 907.09. FINAL SETTLEMENT**
Delivery under the NYISO Zone F 5 MW Peak Calendar-Month Day-Ahead LBMP 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.
- 907.10. PAYMENT DATE**
Five (5) business days following each contract month.
- 907.11. EXCHANGE FOR RELATED POSITIONS**
Any exchange of futures for, or in connection with, physical (EFP) or exchange of futures for, or in connection with, risk (EFR) transactions shall be governed by the provisions of Exchange Rule 538.

Chapter 908

NYISO Zone F 5 MW Off-Peak Calendar-Month Day-Ahead LBMP Swap Futures

- 908.01. 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.
- 908.02. FLOATING PRICE**
The Floating Price will be determined for each contract month. The Floating Price will be equal to the arithmetic average of the NYISO Zone F Day-Ahead LBMP provided by New York Independent Systems Operator (NYISO) for all off-peak hours in the contract month. For settlement of this contract, the prices provided by NYISO will be considered final on the payment day stated in Rule 908.09 and will not be subject to any further adjustment.
- 908.03. 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.
- 908.04. 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.
- 908.05. CONTRACT MONTHS**
Trading shall be conducted in contracts in such months as shall be determined by the Exchange.
- 908.06. 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.
- 908.07. TERMINATION OF TRADING**
Trading shall cease on the last business day of the contract month.
- 908.08. FINAL SETTLEMENT**
Delivery under the NYISO Zone F 5 MW Off-Peak Calendar-Month Day-Ahead LBMP 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.
- 908.09. PAYMENT DATE**
Five (5) business days following each contract month.
- 908.10. EXCHANGE FOR RELATED POSITIONS**
Any exchange of futures for, or in connection with, physical (EFP) or exchange of futures for, or in connection with, risk (EFR) transactions shall be governed by the provisions of Exchange Rule 538.

SUPPLEMENTAL MARKET INFORMATION

NEW YORK ISO

The New York Independent System Operator (NYISO) manages New York's electricity transmission grid – a 10,775-mile network of high-voltage lines that carry electricity throughout the state. The NYISO also oversees wholesale electricity markets where more than \$50 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. Market Participants may submit offers on a day-ahead and real-time basis for generation, and bilateral transactions. Loads may submit bids only in the Day-Ahead Market (DAM). At the close of each market, the NYISO initiates a bid evaluation process. The process involves retrieving bids from the Market Information System (MIS), analyzing the bids according to prescribed rules, making adjustments to ensure that reliability requirements are met, and posting results to the MIS.

The New York ISO operates a multi-settlement wholesale market system consisting of financially-binding day-ahead markets and real-time markets for energy, operating reserves, and regulation (i.e. automatic generator control). Through these markets, the NYISO commits generating resources, dispatches generation, procures ancillary services, schedules external Transactions, and sets market-clearing prices based on supply offers and demand bids.

Zone F: includes the following counties: Columbia, Essex, Rensselaer, Saratoga, Washington.

Day-Ahead Market (DAM)

The Day Ahead Market sets prices as of 11:00 a.m. the previous day (thus the term day-ahead) based on generation and energy transaction bids that were offered in advance to the NYISO. DAM prices are determined on an hourly basis for each of the state's eleven zones and for the four neighboring areas (New England, Hydro Quebec, Ontario Hydro and PJM). Typically more than 90% of energy transactions processed by NYISO occur in the DAM. A software program called Security Constrained Unit Commitment (SCUC) determines the amount of energy expected to be needed within the state for each day. NYISO will schedule the generating units that can most economically satisfy the energy needed to supply customers' demand and allow a sufficient reserve for contingencies. The New York Marginal Cost of Energy is the base price that NYISO must pay to obtain the needed energy. This base price is determined at the NYISO reference bus, so named because it is the reference against which losses, congestion, shift factors, penalty factors and other system mathematical quantities are calculated. It is physically located at the Marcy 345 kV substation in Marcy, New York. In transmitting energy across the state, there are additional costs for the electrical losses and sometimes for congestion that occurs when transmission lines become overloaded. The DAM zonal LBMPs are determined by adding the marginal cost of energy, the marginal cost of losses and the marginal cost of congestion.

Cash Market/OTC Market Data

Exchange staff has reviewed both the relevant cash and 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.

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

Position Limits

The following points explain 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 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 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 reports transactions by peak. Platts obtains the quarterly filings and publishes the aggregation. Table 1 below 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	Peak Adjustment	60% Day-Ahead Adjustment	Peak 80 MWh	Off-Peak 5 MWh
NYISO ZONE F	4,955,617	1,651,872	825,936	991,123	12,389	198,225

Suggested Expiration Month Position Limits	Peak Recommended Position Limits	Off-Peak Recommended Position Limits
NYISO ZONE F	2,000	40,000

Market Participants	Brokers
Excelon Power Team & Affiliates	Prebon
Dominion Resources	Amerax
FPL Energy & Affiliates	Spectron
Consolidated Edison Energy & Affiliates	TFS
North American Energy Alliance	ICAP
Kimberly-Clark	
Round Rock Energy	
Xcel Energy Services	