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

November 30, 2010

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# 10-325: Notification Regarding the of Listing of 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 two electricity futures contracts, listed below, for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort.

A summary of the specifications for the new contracts is as follows:

Specifications for "Alberta Power Pool Calendar Day Swap Futures" contract

- Commodity Code: AOD
- Settlement Type: Financial
- Contract Quantity: The contract quantity shall be 5 Megawatts for all daily hours. The contract quantity will be adjusted by the transition in and out of the daylight savings time. Transaction sizes for trading in any contract day shall be restricted to whole number multiples of the number of hours in the contract day.
- Listing Schedule: Current month and next full month (up to 62 daily contracts)
- First Listed Day: December 6 contract day
- Termination of Trading: Trading shall cease on the business day that is the contract day. If the contract day is not a business day trading shall cease on the business day immediately preceding the contract day.
- Days and Hours: A contract day shall mean a Monday through Sunday Hour Ending 0100-2400 Mountain Prevailing Time (MPT), including North American Electric Reliability Corporation holidays.
- Prices and Fluctuations: Prices shall be quoted in Canadian dollars and cents per MWh. The minimum price fluctuation shall be CAD 0.01 per MWh. There shall be no maximum price fluctuation.
- Rule Chapter: 1049

Specifications for "Alberta Power Pool Calendar Month Swap Futures" contract

- Commodity Code: AOM
- Settlement Type: Financial
- Contract Quantity: The contract quantity shall be 5 Megawatts for daily hours. The contract quantity will be adjusted by the transition in and out of the daylight savings time. Transaction sizes for trading in any delivery month shall be restricted to whole number multiples of the number of days in the contract month.

- Listing Schedule: Balance of the 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.
- First Listed Month: January 2011
- Termination of Trading: Trading shall cease on the last business day of the contract month.
- Days and Hours: "Days & Hours" shall mean a Monday through Sunday Hour Ending 0100-2400 Mountain Prevailing Time (MPT), including North American Electric Reliability Corporation holidays.
- Prices and Fluctuations: Prices shall be quoted in Canadian dollars and cents per MWh. The minimum price fluctuation shall be CAD 0.01 per MWh. There shall be no maximum price fluctuation.
- Rule Chapter:1050

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 December 6, 2010.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or Brad Leach at (212) 299-2609.

Sincerely,

/s/Christopher K. Bowen
Managing Director, Chief Regulatory Counsel

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

Chapter 1049
Alberta Power Pool Calendar Day Swap Futures

1049.01 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.

1049.02 FLOATING PRICE

The Floating Price for each contract day will be equal to the arithmetic average of all Alberta Power Pool Hourly Index prices provided for the contract day. For settlement of this contract, the prices provided by Alberta Electric System Operator will be considered final on the payment date stated in Rule 1049.10 and will not be subject to any further adjustment.

1049.03 CONTRACT DAY

A contract day shall mean a Monday through Sunday Hour Ending 0100-2400 Mountain Prevailing Time (MPT), including North American Electric Reliability Corporation holidays.

1049.05 CONTRACT QUANTITY AND VALUE

The contract quantity shall be 5 Megawatts for all daily hours. The contract quantity will be adjusted by the transition in and out of the Daylight Savings Time.

Transaction sizes for trading in any contract day shall be restricted to whole number multiples of the number of hours in the contract day.

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

1049.06 CONTRACT DAYS

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

1049.07 PRICES AND FLUCTUATIONS

Prices shall be quoted in Canadian dollars and cents per MWh. The minimum price fluctuation shall be CAD 0.01 per MWh. There shall be no maximum price fluctuation.

1049.08 TERMINATION OF TRADING

Trading shall cease on the business day that is the contract day. If the contract day is not a business day trading shall cease on the business day immediately preceding the contract day.

1049.09 FINAL SETTLEMENT

Delivery under the Alberta Power Pool Calendar Day Swap Futures contract shall be by cash settlement. Final settlement, following termination of trading for a contract day, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract day.

1049.10 PAYMENT DATE

Five (5) business days following each contract day.

1049.11 EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) shall be governed by the provision of Exchange Rule 538.

Chapter 1050
Alberta Power Pool Calendar Month Swap Futures

1050.01 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.

1050.02 FLOATING PRICE

The Floating Price for each contract month will be equal to the arithmetic average of all Alberta Power Pool Hourly Index prices provided for the contract month. For settlement of this contract, the prices provided by Alberta Electric System Operator will be considered final on the payment date stated in Rule 1050.10 and will not be subject to any further adjustment.

1050.03 DAYS & HOURS

"Days & Hours" shall mean a Monday through Sunday Hour Ending 0100-2400 Mountain Prevailing Time (MPT), including North American Electric Reliability Corporation holidays.

1050.05 CONTRACT QUANTITY AND VALUE

The contract quantity shall be 5 Megawatts for daily hours. The contract quantity will be adjusted by the transition in and out of the Daylight Savings Time.

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

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

1050.06 CONTRACT MONTHS

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

1050.07 PRICES AND FLUCTUATIONS

Prices shall be quoted in Canadian dollars and cents per MWh. The minimum price fluctuation shall be CAD 0.01 per MWh. There shall be no maximum price fluctuation.

1050.08 TERMINATION OF TRADING

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

1050.09 FINAL SETTLEMENT

Delivery under the Alberta Power Pool Calendar Month 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.

1050.10 PAYMENT DATE

Five (5) business days following each contract month.

1050.11 EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) shall be governed by the provision of Exchange Rule 538.

CASH MARKET OVERVIEW

Alberta Electric System Operator[1] (AESO) is a not-for-profit entity and an independent system operator responsible for operation and planning of Alberta's interconnected power system. The AESO also facilitates Alberta's hourly wholesale electricity market, which, in 2009, had about 200 participants and approximately $5 billion in annual energy transactions, and is accountable for the administration and regulation of the load settlement function. AESO also provides access to Alberta's interconnected power grid for generation and distribution companies and large industrial consumers of electricity. In so doing, the AESO contracts with transmission facility owners to acquire transmission services and, with other parties to provide access to the system. The AESO ensures that the Alberta's Interconnected Electric System (AIES) is planned and operated in compliance with the North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) standards and the WECC Reliability Management System.

One of the main functions of the AESO is the real-time operation Alberta's Interconnected Electric System (AIES). In doing so AESO relies on the System Coordination Centre (SCC), which is staffed 24 hours a day, seven days a week, by a team of electricity system controllers. The SCC features advanced technology that provides the infrastructure for real-time electric system operations. The Energy Management System enables system controllers to dispatch electricity to meet demand and monitor the status of the provincial electric system. AESO relies on the Energy Trading System (ETS) which is critical technology system that facilitates the real-time wholesale electricity market. The ETS also receives electric metering data and performs financial settlement and billing functions for the wholesale market.

AESO operates a power pool that facilitates electricity flow from the suppliers to the load and also creates an hourly price index. In the Pool, electricity is purchased and sold as it is produced and consumed and the Pool is often referred to as the real time market or the spot market. In the Pool, generating units are dispatched as required based on a merit order ranked by offer prices from generators. The generating assets with lower offer prices are dispatched before those with higher offer prices, until the total dispatched volume equals the demand. The System Marginal Price (SMP) of the Pool is set by the offer of the last megawatt needed to satisfy the hourly demand of the system. The hourly Pool price is an

[1] http://www.aeso.ca/market/153.html

after-the-fact calculation of the time weighted average of the SMPs in an hour. It serves as an index to settle electricity transactions that occurred in the Pool.

1. Power Pool

The power pool is a wholesale spot market through which generators and retailers/loads trade electricity. By virtue of electrical interconnections (called interties) with British Columbia and Saskatchewan, power can be both exported and imported to and from outside regions. A new intertie is being constructed connecting to Montana that is scheduled to be in service in 2011. In Alberta, all wholesale electrical energy must flow through the power pool. Two main characteristics of the Alberta electricity market are the following:

- Production or generation must exactly match consumption or load at all times since electricity cannot be economically stored. This balancing act requires very close coordination of the electrical system components by the AESO in order to maintain system reliability.
- Once electrical energy is generated, one MWh is indistinguishable from another. The use of a common trading power pool obviates the need to try to track individual units of consumption back to a particular source of generation.

Each day, all generators submit their bids to the power pool for the following seven days. All available capacity must be offered – all capacity that is physically able to generate must be offered to the market. This is required under the AESO's 'Must Offer' Provisions 8. The AESO makes available a 7-day assessment of market circumstances regarding the volume of supply relative to anticipated demand. This is done by comparing the forecast of demand with the forecast of supply. Generators are free to make changes to their offer prices (but not their offered volumes) closer to real time as the market unfolds. Two hours before real time, all price changes must stop and the only allowable changes are those associated with operational issues at the units. This procedure is meant to provide some time separation between market activity and the physical delivery of energy to customers.

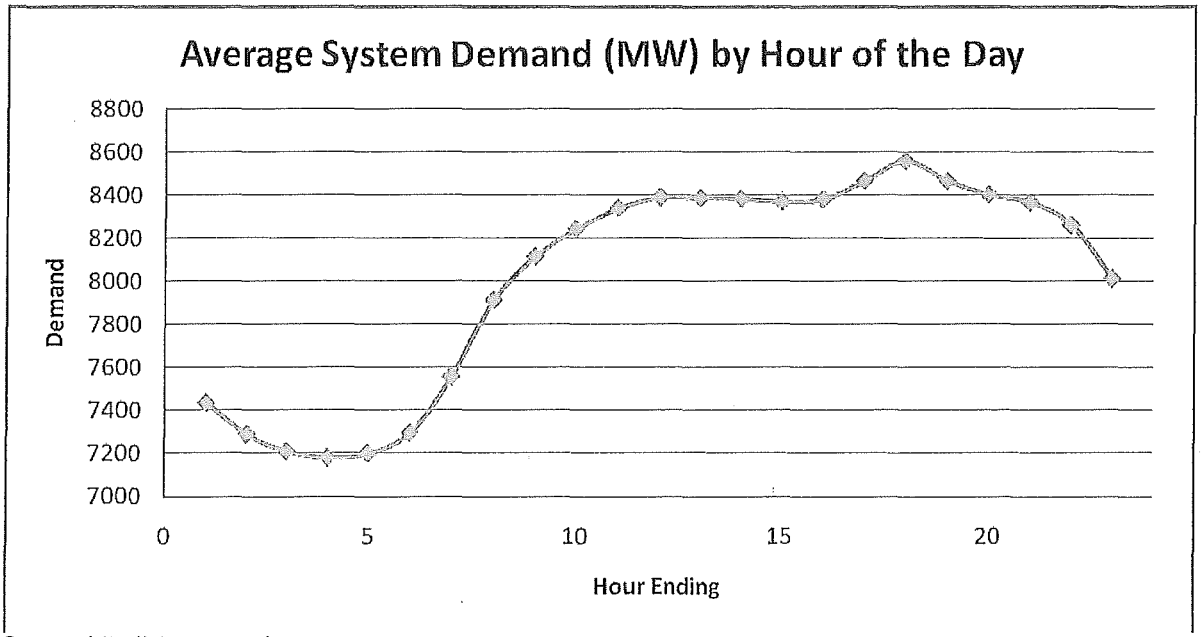
Loads may choose to make bids to the market but have not done so for several years. Most load acts as 'price taker' – meaning that it will pay whatever price the market dictates. A modest amount (200-300

MW) of load does directly participate in the real-time market by monitoring conditions and choosing to reduce consumption in the face of high Pool prices. Since these loads do not make bids, they operate outside the market by responding to price without a dispatch. This is a rational choice for such loads. For instance, if the avoided costs by not consuming are greater than the profits to be derived by continuing to consume, then it makes sense to not consume. However, in practice, this is not a straightforward decision due to operational limitations on industrial processes and the lack of predictability of the hourly price.

2. Demand

Power pool demand is comprised 78% industrial and commercial, 18% residential, and 4% agricultural. Demand or load varies depend on the time of the day and year. Chart 1 shows the average hourly demand during 2009. The load increases in the morning and in the evening while it decreases at night. There is also significant seasonality of demand within the year. Normally, spring and fall have the lowest average demand, summer has higher demand and winter has the highest levels of demand.

Chart 1



Source: http://ets.aeso.ca/

3. Supply

The system includes some 12,500 MW of capacity plus import capability from British Columbia and Saskatchewan as of June 2010. Table 1 below provides the Alberta generation mix. Historically, the coal-burning plants have been the main source providing a high level of baseload generation. Natural gas-fueled generation expanded significantly since 1996 and now provides more than 5,000 MW to the system. Hydro is the third largest category of supply although wind is expanding rapidly and will soon surpass it. In the case of hydro, water is generally not available in sufficient quantity to run the plants at full capacity. Wind generation is highly variable due to uncertain wind patterns.

Table 1: Alberta Generation Mix[2]

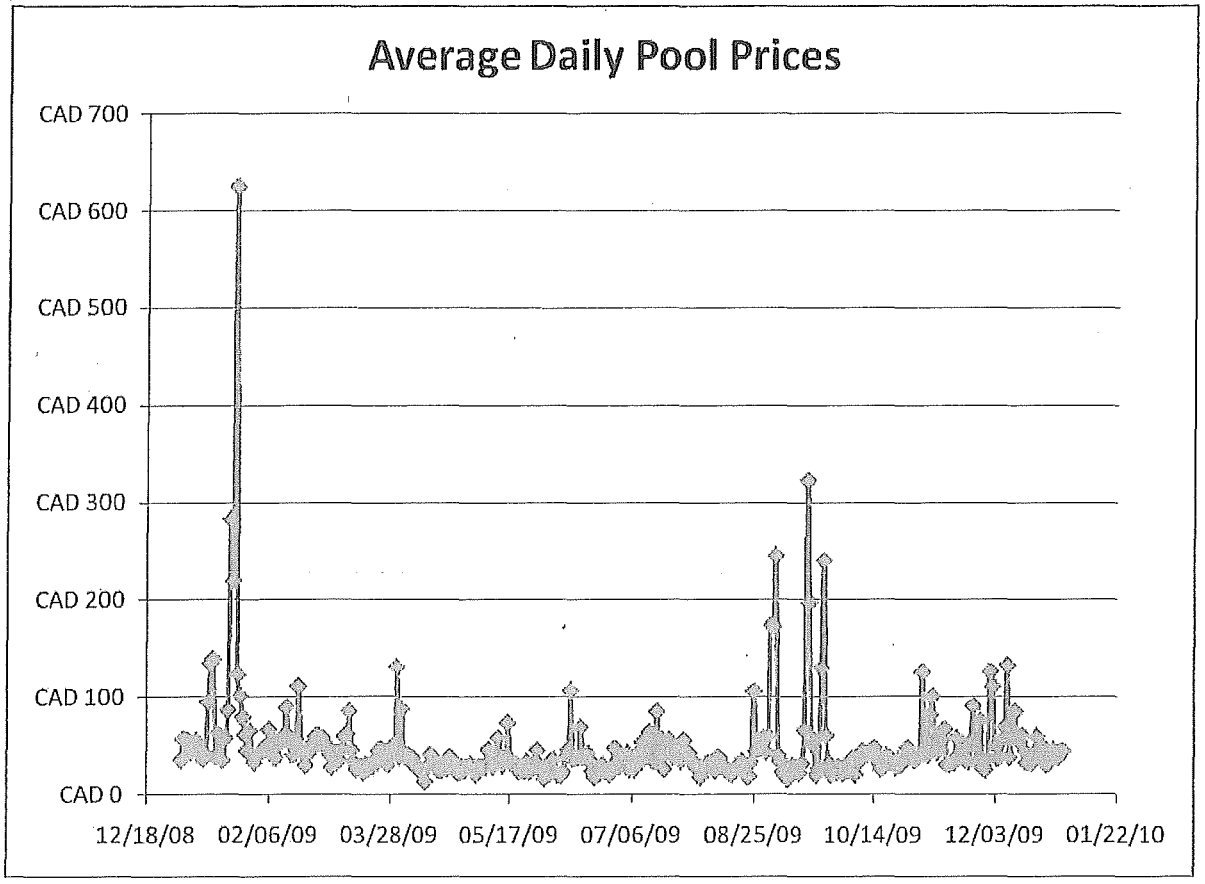
Generation Type	Installed Capacity (MW)	Installed capacity (%)
Coal	5670	45
Natural Gas	5070	41
Hydro	870	7
Wind	630	5
Biomass	130	1
Other	130	1
Total	12500	100

4. Prices

Chart 2 below illustrates Alberta pool average prices for 2009. The range of hourly pool prices can vary in any given month. The daily average price is CAD 47.80 in 2009. Pool prices are influenced by the demand and supply factors.

[2] http://albertamsa.ca/uploads/pdf/Archive/2010/Notice%20and%20Report%20Re%20Alberta%20Wholesale%20Electricity%20Market%20Report%20092910.pdf

Chart 2



5. 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		
		Constellation New Energy		
		Altagas		
		NorthPoint Energy		
		Nexen		
		Direct Energy Marketing Ltd.		

ANALYSIS OF DELIVERABLE SUPPLY

According to AESO, during 2009, the total system load was approximately 69,913,760[3] MWh. Accordingly, the average hourly demand was approximately 7,981 MW. Please note that data is reported hourly by AESO. Table 2, below, provides total system load (MW) in 2009.

There are two basic types of futures contracts proposed under this submission: flat daily and flat monthly. For each, the underlying unit is 5 megawatts per hour. A Flat electricity contract covers every hour each day in the contract period.

There are restrictions placed on transaction sizes of the contracts. Transactions of the flat monthly contract must be conducted in multiples of the number of days in the contract 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. Transactions of the daily flat contract are restricted to the total number of hours in the contract day. 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.

"Days and Hours" shall mean a Monday through Sunday Hour Ending 0100-2400 Mountain Prevailing Time (MPT), including North American Electric Reliability Corporation holidays.

Table 2: Total System Load (MW) in 2009

2009 Total MWh	Monthly MWh	Flat Monthly adjusted	Flat Daily adjusted	Proposed Spot Limits: Monthly	Proposed Spot Limits: Daily
69,913,760	5,826,147	48,551	2,428	5,000	150

The monthly MW demand of the Alberta Pool is equivalent to 48,551 flat contract units (flat contract size = 24 * 5 * number of days=120 * number of days MWh) and 2,428 flat daily contract units (flat contract size = 24*5 MWh). Therefore, the Exchange has proposed to set spot month position limits for the flat monthly futures contract at 5,000 contract units which represent approximately 10% of the monthly MWh

[3] http://ets.aeso.ca/

adjustment. For the flat daily futures contract, the Exchange has proposed to set spot position limits at 150 contract units which represent approximately 6% of the daily adjustment.