

ICE NGX CANADA INC.
Rule Amendment Submission
June 22, 2020

1. The text of the amended provisions to the ICE NGX Canada Inc. (“ICE NGX”) Contracting Party Agreement (“CPA”) are attached as the Appendix. The CPA is part of ICE NGX’s rulebook. Additions to the text are underlined and deletions are struck through.
2. The date of intended implementation for these amendments is August 1, 2020 or such later date as determined by ICE NGX.
3. Attached, please find a certification that: (a) these rule amendments comply with the Commodity Exchange Act (the “Act”), and the Commission’s regulations thereunder; and (b) concurrent with this submission, ICE NGX posted on its website: (i) a notice of pending certification of the amendments with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of the amendments appears below.
5. There were no opposing views expressed regarding these amendments.
6. Confidential treatment is not requested.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION’S REGULATIONS THEREUNDER

Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the amendments to the ICE NGX CPA.¹

ICE NGX is making this submission to implement certain changes to

- (a) change the Clearing Fees for U.S. delivery points that are assigned delivery points,
- (b) convert Michcon delivery point to assigned delivery.

collectively, the “Amendments”. The text of the amended CPA provisions is set out in the Appendix. No opposing views were expressed in relation to the amendments. ICE NGX intends to implement the Amendments on August 1, 2020 (or on such later date as may be designated by ICE NGX).

Clearing Fees for Assigned Delivery Points

ICE NGX is implementing a slight change to its fees for transactions at assigned delivery points, reflecting the additional administrative burden under this model.

¹ As a registered FBOT, ICE NGX has submitted contemporaneously with this 40.6 rule amendment self-certification a notification under Commission Rule 48.8(b)(ii)(B) of a material change to its rules (i.e., the CPA).

ICE NGX offers clearing for products at a small number of natural gas delivery points in the U.S. under the “assigned delivery” model. Under the assigned delivery model, ICE NGX puts the traders on each side of the transaction into contact to arrange physical delivery. The assigned delivery model is used only at delivery points where the relevant pipeline is unable to accommodate scheduling of deliveries by ICE NGX or is unable to provide “firm” delivery for volumes scheduled by ICE NGX.

These amendments are reasonable in light of the additional administrative burden relating to the assigned delivery model, and ensure ICE NGX continues to comply with Core Principle L - Public Information, remaining transparent to Contracting Parties and the public with respect to clearing fees for assigned delivery points.

Converting Michcon Delivery Point to Assigned Delivery

Due to recent changes in the way that ICE NGX transactions are handled by the pipeline operator at the Michcon delivery point, ICE NGX is converting Michcon to assigned delivery in order to improve consistency in physical delivery. The amendments reflect the change of Michcon delivery point to assigned delivery, including adding Michcon to the assigned delivery points grouping for clearing fees.

These amendments will assist ICE NGX in continuing to comply with paragraphs (vi) and (vii) of Core Principle E - Settlement Procedures. The obligations of ICE NGX and its Contracting Parties with respect to assigned delivery points are set out in the CPA; converting Michcon to assigned delivery will improve consistency in physical delivery at this point, reducing the potential for curtailments to volumes of natural gas delivered or taken, thereby reducing operational risk to ICE NGX.

**CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7
U.S.C. §7A-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.6, 17 C.F.R.
§40.6**

I hereby certify that:

- (1) the amended provisions of the Contracting Party Agreement comply with the Commodity Exchange Act, and the Commodity Futures Trading Commission's regulations thereunder; and
- (2) concurrent with this submission, ICE NGX Canada Inc. posted on its website: (a) a notice of pending certification of these rules with the Commission; and (b) a copy of this submission.



Greg Abbott (Jun 22, 2020 15:29 MDT)

By: Greg Abbott
Title: President & COO
Date: June 22, 2020

APPENDIX

AMENDMENTS TO THE ICE NGX CONTRACTING PARTY AGREEMENT

[Note: Insertions are underlined, deletions are struck through.]

AMENDMENTS TO SCHEDULE “A” – FEE SCHEDULE

Clearing Fees – Physical Gas at U.S. Delivery Points (all tenors except “Same Day”)

Henry Hub, Katy Enstor, Michigan , Oasis-Waha and Houston Ship Channel	USD/MMBtu	\$0.003
Opal	USD/MMBtu	\$0.0035
All other US Delivery Points <u>that are not Assigned Delivery points</u>	USD/MMBtu	\$0.002
<u>All US Delivery Points that are Assigned Delivery points</u>	<u>USD/MMBtu</u>	<u>\$0.0025</u>

Clearing Fees – Physical Gas at U.S. Delivery Points – Same Day

Henry Hub, Katy Enstor, Michigan , Oasis-Waha and Houston Ship Channel	USD/MMBtu	\$0.003
Opal	USD/MMBtu	\$0.0035
All other US Delivery Points <u>that are not Assigned Delivery points</u>	USD/MMBtu	\$0.002
<u>All US Delivery Points that are Assigned Delivery points</u>	<u>USD/MMBtu</u>	<u>\$0.0025</u>

AMENDMENTS TO SCHEDULE “D” – ICE NGX PRODUCT LIST

[Note: Only the rows that are being changed in Schedule “D” are shown below.]

ICE NGX NATURAL GAS PRODUCTS - U.S.

Product Name on ICE	Hub Name	NGX Product = NGX; NGX Cleared Product = ICE	Phys or Fin	Product Type	Unit/Currency	Floating Price - Index 1	Floating Price - Index 2	Index 1 Publication	Index 2 Publication	Hub Operator or U.S. Hub Operator	Assigned Delivery	Tariff	Accessed via WebICE and trades/Clears as NGX:	OTC Clears thru DCO As (EFRP)	Minimum Futures Block Size (MMBtu)
NG Phys FUT, BS, LD1	Michcon	ICE	Phys	BS	USD/MMBtu	LD1		NYMEX last day		Michcon	N / <u>A</u> Yes	not FERC regulated	Physically Settled Future	Physically Settled Future	100
NG Phys FUT, FP	Michcon	ICE	Phys	FP	USD/MMBtu					Michcon	N / <u>A</u> Yes	not FERC regulated	Physically Settled Future	Physically Settled Future	100
NG Phys FUT, ID, GDD	Michcon	ICE	Phys	ID	USD/MMBtu	GDD		Platts Gas Daily		Michcon	N / <u>A</u> Yes	not FERC regulated	Physically Settled Future	Physically Settled Future	100
NG Phys FUT, ID, IF	Michcon	ICE	Phys	ID	USD/MMBtu	IF		Platts Inside FERC		Michcon	N / <u>A</u> Yes	not FERC regulated	Physically Settled Future	Physically Settled Future	100