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January 12, 2006

**BY EMAIL AND FACSIMILE**

Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**NYMEX Submission 06.13**

**Re: Clarifying Amendments to NYMEX Financially Settled Electricity Futures Contracts**

Dear Ms. Jean Webb:

The New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") of the attached contract amendments. The Board of Directors voted in open session to approve these amendments. These changes are made at the request of Commission staff to enhance the clarity of contract language and do not represent any procedural changes. They are proposed to go in effect immediately upon notification to the Membership.

The following financially settled electricity futures contracts are amended: Northern Illinois Hub Calendar-Month LMP Swap (PJM Interconnection, LLC) Contract (Rule 762.07); NYMEX AEP-Dayton Hub Calendar-Month LMP Swap (PJM Interconnection, LLC) Contract (Rules 765.07, 765.09 & 765.10); Cinergy Hub Calendar-Month LMP Swap Contract (Rule 774.02); Michigan Hub Calendar-Month LMP Swap Contract (Rule 776.02); MISO Illinois Hub Calendar-Month LMP Swap Contract (Rule 778.02); and Minnesota Hub Calendar-Month LMP Swap Contract (Rule 780.02).

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.6, the Exchange hereby certifies that this clarification complies with the Act, including regulations under the Act.

Should you have any questions concerning the above, please contact Jay Gottlieb, Director, Research, at (212) 299-2607; or the undersigned at (212) 299-2390.

Very truly yours,

Robert A. Levin

Senior Vice President, Research

## Attached Rule Amendments

Additions underlined, deletions ~~struck through~~.

### Rule 762.07 Final Settlement

Delivery under the NYMEX Northern Illinois Hub Calendar-Month LMP Swap contract shall be by cash settlement. Cash Settlement will take place in accordance with the following.

Starting with the close of trading on the peak day prior to the contract month, the daily flow (equal to 40 MWH) corresponding to the following peak day is subtracted from the quantity of each contract every business day until contract termination. The subtracted quantity is cash-settled based on the Daily Floating Price for the corresponding peak day.

For peak days that are not also business days, subtraction of the daily flow corresponding to the peak day will take place on the business day immediately preceding this (these) day(s).

In the event a business day is not also a peak day, no subtraction of a daily flow will be performed on the business day immediately prior.

~~Beginning with the peak day prior to the beginning of the contract month, cash settlement with liquidation will be performed for a proportionate number of outstanding contracts for each position holder each day based on the number of remaining peak days in the contract month. The proportion will equal the ratio of one (1) to the number of remaining peak days. The cash settlement price will be based on the Daily Floating Price which is determined for the following peak day.~~

~~For peak days that are not also business days, cash settlement will take place on the business day immediately preceding this (these) day(s) separately, and in chronological succession, for each such peak day up to and including the next coincident peak day and business day.~~

~~In the event a business day is not also a peak day, no cash settlement will be performed on the business day immediately prior. Cash settlement will be resumed on the business day that immediately precedes the next coincident peak day and business day.~~

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**NYMEX AEP-Dayton Hub Calendar-Month LMP Swap (PJM Interconnection, LLC) Contract**

**Rule 765.07 Final Settlement**

Delivery under the NYMEX AEP-Dayton Hub Calendar-Month LMP Swap contract shall be by cash settlement. Cash Settlement will take place in accordance with the following.

Starting with the close of trading on the peak day prior to the contract month, the daily flow (equal to 40 MWH) corresponding to the following peak day is subtracted from the quantity of each contract every business day until contract termination. The subtracted quantity is cash-settled based on the Daily Floating Price for the corresponding peak day.

For peak days that are not also business days, subtraction of the daily flow corresponding to the peak day will take place on the business day immediately preceding this (these) day(s).

In the event a business day is not also a peak day, no subtraction of a daily flow will be performed on the business day immediately prior.

~~Beginning with the peak day prior to the beginning of the contract month, cash settlement with liquidation will be performed for a proportionate number of outstanding contracts for each position holder each day based on the number of remaining peak days in the contract month. The proportion will equal the ratio of one (1) to the number of remaining peak days. The cash settlement price will be based on the Daily Floating Price which is determined for the following peak day.~~

~~For peak days that are not also business days, cash settlement will take place on the business day immediately preceding this (these) day(s) separately, and in chronological succession, for each such peak day up to and including the next coincident peak day and business day.~~

~~In the event a business day is not also a peak day, no cash settlement will be performed on the business day immediately prior. Cash settlement will be resumed on the business day that immediately precedes the next coincident peak day and business day.~~

*Redundant with Rule 765.07*

**Rule 765.09 — Payment Date**

~~Ten (10) business days following each contract month.~~

*Redundant with Rule 765.08*

~~**Rule 765.10 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 Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.~~

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**Cinergy Hub Calendar-Month LMP Swap Contract**

**Rule 774.02 Floating Price**

~~The A-Daily~~ Floating Price will be determined for each ~~peak day of each~~ contract month. ~~The Each-Daily~~ Floating Price will be equal to the arithmetic average of the Cinergy Hub Real Time LMP for all peak hours provided by Midwest Independent Transmission System Operator, Inc. (MISO), for the contract month peak day. For settlement of this contract, the prices provided by MISO will be considered final on the payment day stated in Rule 774.10 and will not be subject to any further adjustment.

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**Michigan Hub Calendar-Month LMP Swap Contract**

**Rule 776.02 Daily Floating Price**

~~The A-Daily~~ Floating Price will be determined for each ~~peak day of each~~ contract month. ~~The Each-Daily~~ Floating Price will be equal to the arithmetic average of the Michigan Hub Real Time LMP for all peak hours provided by Midwest Independent Transmission System Operator, Inc. (MISO), for the contract month peak day. For settlement of this contract, the prices provided by MISO will be considered final on the payment day stated in Rule 775.10 and will not be subject to any further adjustment.

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**MISO Illinois Hub Calendar-Month LMP Swap Contract**

**Rule 778.02 Daily Floating Price**

~~The A-Daily~~ Floating Price will be determined for each ~~peak day of each~~ contract month. ~~The Each-Daily~~ Floating Price will be equal to the arithmetic average of the MISO Illinois Hub Real Time LMP for all peak hours provided by Midwest Independent Transmission System Operator, Inc. (MISO), for the contract month peak day. For settlement of this contract, the prices provided by MISO will be considered final on the payment day stated in Rule 776.10 and will not be subject to any further adjustment.

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### **Minnesota Hub Calendar-Month LMP Swap Contract**

#### **Rule 780.02 ~~Daily~~ Floating Price**

~~The A-Daily~~ Floating Price will be determined for each ~~peak day of each~~ contract month. ~~The Each-Daily~~ Floating Price will be equal to the arithmetic average of the Minnesota Hub Real Time LMP for all peak hours provided by Midwest Independent Transmission System Operator, Inc. (MISO), for the contract month peak day. For settlement of this contract, the prices provided by MISO will be considered final on the payment day stated in Rule 777.10 and will not be subject to any further adjustment.