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OFFICE OF THE SECRETARIAT

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May 11, 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# 09.79: Notification Regarding the Listing of PJM Western Hub 50 MW Peak Calendar-Month Real-Time LMP Swap Futures Contract on Globex®

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 PJM Western Hub 50 MW Peak Calendar-Month Real-Time LMP Swap Futures contract for trading on Globex.

The new contract, commodity code and rule number are listed below.

- PJM Western Hub 50 MW Peak Calendar-Month Real-Time LMP Swap Futures (Globex trading commodity code 4SN/clearing code 4S; chapter 178)

The above-listed electricity swap futures contract will be listed for trading on Globex beginning on Sunday, May 17, 2009 for trade date Monday, May 18, 2009. The first listed month for this contract will be June 2009. Monthly PJM 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. The contract will be 800 megawatt hours in size, based on 50 megawatts for peak daily hours, with a minimum price fluctuation of \$0.05.

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 contract complies with the Act, including regulations under the Act. The listing of this contract will become effective on trade date May 18, 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 M. Szarmack
Director and Associate General Counsel

Attachments: Contract Terms and Conditions
Supplemental Market Information

PJM Western Hub 50 MW Peak Calendar-Month Real-Time LMP Swap Futures

178.01 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.

178.02 Floating Price

The Floating Price for each contract month will be equal to the arithmetic average of the PJM Western Hub Real-Time LMP for peak hours provided by PJM Interconnection, LLC (PJM) for the contract month. For settlement of this contract, the prices provided by PJM will be considered final on the payment date stated in Rule 178.10 and will not be subject to any further adjustment.

178.03 Peak Days

“Peak day” shall mean a Monday through Friday, excluding North American Electric Reliability Corporation holidays.

178.04 Peak Hours

From Hour Ending (HE) 0800 Eastern Prevailing Time (EPT) through HE 2300 EPT.

178.05 Contract Quantity and Value

The contract quantity shall be 800 Megawatt hours (MWh) and is based on 50 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 month.

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

178.06 Contract Months

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

178.07 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.

178.08 Termination of Trading

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

178.09 Final Settlement

Delivery under the PJM Western Hub 50 MW Peak Calendar-Month Real-Time LMP 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.

178.10 Payment Date

Five (5) business days following each contract month.

178.11 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 (EFS) transactions shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

Supplemental Market Information

PJM Interconnection LLC (PJM)

PJM is an independent Regional Transmission Organization (RTO) that plays a vital role in the U.S. electric system by providing its membership opportunities for buying and selling power, arranging transmission service, and allowing the use of larger and more efficient generating units. PJM also manages a sophisticated regional planning process for generation and transmission expansion. PJM coordinates the movement of electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. With the implementation of the PJM Open Access Transmission Tariff on April 1, 1997, PJM began operating the nation's first regional, bid-based hourly energy market. PJM enables participants to buy and sell energy, schedule transactions and reserve transmission service. PJM provides accounting and billing services for these transactions using information supplied by each member utility. In addition, it operates the competitive wholesale energy market for the region and facilitates open access to transmission. Electricity suppliers who sell electricity to customers within the PJM zones must become Load Serving Entity (LSE) members of PJM, or contract with a third party LSE.

The PJM Energy Market comprises all types of energy transactions, including the sale or purchase of energy in PJM's Day-Ahead and Real-Time Energy Markets, bilateral and forward markets and self-supply. These markets provide key benchmarks against which market participants may measure results of transactions in other markets. The Exchange already has PJM day-ahead and real-time futures contracts listed on its platforms. The new real-time contract will serve an additional risk management tool for the PJM markets. The futures contract included in this submission is based on 50 MW during the peak month. This unit is a standard transaction unit in the PJM wholesale electricity market. The current NYMEX PJM Western Hub real-time futures contracts specify 2.5 MW and 5 MW for the peak month.

PJM Trading Hubs Description

PJM Trading Hubs are defined by PJM as reference points at which standard energy products can be traded. The PJM Trading Hubs are fixed weighted averages of the Locational Marginal Prices (LMP) at a set of representative nodes for the designated region. Hub prices are representative of the PJM market, are intended to be relatively stable under various system conditions, and resistant to distortion by local transmission limits or system topology changes. For additional information, please see LMP Model Information at <http://www.pjm.com/markets/energy-market/lmp-model.html>.

Western Hub

The Western Hub was the first defined PJM hub and is one of the most active trading points in the U.S. The Western Hub includes nodes from Erie, PA to Washington, DC. The Western Hub includes 109 PJM nodes. This total consists of 78 load nodes and 31 generation nodes. The Western Hub was implemented by PJM in 1998.

Market Structure

PJM Interconnection LLC offers two basic energy markets for electricity participants: spot or real-time; and energy forward market which is known as the day-ahead market. In the real-time market, market participants enter bids and offers which are matched by PJM. Market clearing prices are generated by PJM which are posted on the PJM website. The day-ahead market operates through bids and offers for delivery during hours in the next day. PJM provides a market clearing function related to the submitted bids and offers and posts 24 hourly prices for the next PJM day. The real-time and day-ahead PJM markets are interrelated as actual generation and load may differ from forecasted generation and load expressed in the day-ahead market. Bids and offers in the real-time market provide the mechanism for the forecasted/actual differences. The futures contract included in this submission will provide additional risk management for participants in the PJM real-time market.

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. The Western Hub is a vibrant market that includes off-exchange and InterContinental Exchange (ICE) activity. ICE does

not regularly report its activity, but it is our estimate that they trade in the thousands of 800 Megawatt hours (MWh) contracts per day.

Table 1 illustrates the robust size of the Western Hub 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:

- The peak contract is the financial equivalent of 50 MW per hour for each peak hour of a peak day—16 hours in total—provides a contract size of 800 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.
- The peak contracts cover hours from hour ending (HE) 0800 Eastern Prevailing Time (EPT) through HE 2300 EPT Monday through Friday, excluding North American Electric Reliability Corporation holidays.
- The expiration month position limit is less than 25% of reported activity for the Western Hub. Reporting of market based activity to FERC includes both cash and OTC markets. These filings report total MWh volume and do not segment the reports transactions by peak. Platts obtains the quarterly filings and publishes the aggregation. Table 1 includes information from the third quarter of 2008, the most current report available.
- Real-Time load accounts for approximately 40% of total system load.
- This 800 MWh contract will aggregate into the position limits and levels of the NYMEX PJM Calendar-Month LMP Swap (JM). The aggregation information is in NYMEX Rule 9A.26 All Month/Any One Month Position Accountability included below. Under this rule, each JM contract is equivalent to 850 MWh.

The proposed limits are illustrated in Table 2.

Table 1

Contract	MWh	MWh Per Month	MW*350 Hrs in Month	Real-Time Adj. 40%	25% of Reported Activity	Peak Contracts 800 MWh	Hub Peak Recommended Aggregation Position Limits
Western Hub	58,149,956	19,383,319	9,691,659	3,876,664	969,166	1,211	300

Table 2 – NYMEX RULES 9A.26, 9A.27 and 9A.34

Contract Name	Rule Chapter	Commodity Code	All Month Accountability Level	Any One Month Accountability Level	Expiration Month Limit	Expiration Accountability Level Last Day Contract	Reporting Level	Aggregate Into (1)	Aggregate Into (2)
			Rule 9A.26	Rule 9A.26	Rule 9A.27	Rule 9A.27A	Rule 9A.34		
PJM Western Hub 50 MW Peak Calendar-Month Real-Time LMP Swap Futures	178	4S	2,000	1,500	300		25	JM	

Market Participants

Market Participants	Brokers
Allegheny Energy & Affiliates	Prebon
American Electric Power Service	Amerax
Atlantic Power Holdings	Spectron
Broadway Generating	TFS
Brookfield Power	ICAP
CAMP Grove Wind Farm	
Constellation Energy Commodities & Affiliates	
Dayton Power & Light	
Direct Energy Affiliates	
Dominion Resources	
DPL Energy	

Reference

The supplemental market information included in this section is available in the PJM State of the Market Report:

http://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2008.shtml