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August 25, 2011

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. Notification of Amendments to Chapter 5, Position Limit, Position Accountability and Reportable Level Table of the NYMEX Rulebook Relating to SoCal City-Gate Natural Gas Basis and Index Swap Futures Contracts
NYMEX Submission #11-328**

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 amendments to the Position Limit, Position Accountability and Reportable Level Table located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook in order to increase the spot month position limit for the SoCal City-Gate Basis Swap (Platts IFERC) futures and the spot month position limit of the related second leg of the SoCal City-Gate Natural Gas Index Swap (Platts Gas Daily / Platts IFERC) futures contract pursuant to recent analysis of deliverable supply (provided herewith) at Southern California Gas Co.'s city-gate pool. Accordingly, the spot month position limit would be increased from 500 contract units to 2,000 contract units, which represents 7% of the Federal Energy Regulatory Commission imputed monthly gas volume at Southern California Gas Co.'s city-gate pool.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.6, the Exchange hereby certifies that the attached rule amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. These changes will be made effective on trade date September 9, 2011.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2207, (347) 463-5347 or Felix.Khalatnikov@cmegroup.com, Chris Reinhardt, Associate Director, Market Surveillance, at (212) 299-2882, (347) 225-1342 or Chris.Reinhardt@cmegroup.com, or Ryne Toscano, Supervisor, Market Surveillance, at (212) 299-2879, (646) 407-2937 or Ryne.Toscano@cmegroup.com. Please reference NYMEX Submission No. 11-328 in any related correspondence.

Sincerely,

/s/Felix Khalatnikov
Dir & Assoc General Counsel

Attachment

NOTIFICATION OF AMENDMENTS TO NYMEX RULEBOOK CHAPTER 5 POSITION LIMIT TABLE
 (Bold/underline indicates additions; strikethrough indicates deletions)

<u>Contract Name</u>	<u>Rule Chapter</u>	<u>Commodity Code</u>	<u>All Month Accountability Level</u>	<u>Any One Month Accountability Level</u>	<u>Expiration Month Limit</u>	<u>Reporting Level</u>	<u>Aggregate Into (1)</u>	<u>Aggregate Into (2)</u>
			Rule 560	Rule 560	Rule 559	Rule 561		
<i>Natural Gas</i>								
<i>Inside FERC</i>								
<i>California</i>								
SoCal City-Gate Basis Swap (Platts IFERC) Futures	437	9A	7,000	5,000	500 2,000	25	9A	
SoCal City-Gate Natural Gas Index Swap (Platts Gas Daily / Platts IFERC) Futures	455	N5	3,500/ 7,000	2,500/ 5,000	500/ 500 2,000	25	T9	9A

Analysis of the Deliverable Supply

According to Platts' definition, SoCal Gas city-gate refers to natural gas "Deliveries at Southern California Gas Co.'s city-gate pool. The SoCal Gas city-gate pool is a "virtual" trading location on SoCal Gas' system for deliveries to and from holders of the distributor's city-gate pool contracts. This point includes storage transactions delivered to and from the city-gate pool. The link below references Platts methodology:

http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/na_gas_methodology.pdf

Table 1 below provides the volume reported by *Platts* IFERC in its bid-week surveys for each month from January 2010 through December 2010 for SoCal Gas city-gate. The data is available under *Platts Liquidity in North American Monthly Gas Monthly Gas Markets*¹ report. The monthly data was adjusted to reflect NYMEX contract equivalents (contract size is 2,500 MMBtu). As illustrated in Table 1, below, the monthly volume, which is captured by the *Platts* IFERC bid-week surveys, ranges from 616 contract equivalents in January 2010 to 3,432 contract equivalents in April 2010. The average monthly volume is 2,040 contract equivalents.

According to the *Platts* IFERC editorial staff, *Platts* captures 51% of the volume reported to index providers. The estimated total index market is 4,080 contract equivalents for SoCal Gas city-gate.

Table 1: Volumes from *Platts Liquidity in North American Monthly Gas Monthly Gas Markets* Report

(All Volumes are in NYMEX Equivalents (2,500 MMBtu))

Month	SoCal Gas City-gate
Jan-10	616
Feb-10	2,187
Mar-10	1,675
Apr-10	3,432
May-10	1,988
Jun-10	2,030
Jul-10	2,395
Aug-10	1,341
Sep-10	2,062
Oct-10	2,216
Nov-10	2,521
Dec-10	2,019

¹ <http://www.platts.com/MethodologyAndSpecifications/NaturalGas>

Based on the Energy Policy Act of 2005, the Federal Energy Regulatory Commission (“FERC”) issued Order No. 704 which imposed an annual reporting requirement on certain natural gas market participants. FERC collected information in “Annual Report of Natural Gas Transactions” (Form 552). The data collected for 2009 shows that the respondents who reported fixed price transactions to index publishers accounted for 11% to 13% of the total natural gas volumes reported by Form 552 respondents. The “FERC imputed average” reflects the estimated physical market size based on 13% for SoCal Gas city-gate. The estimate is 28,562 contract equivalents.

As illustrated in Table 2 below, the recommended position limit for SoCal Gas city-gate swap futures represents 7% of the FERC imputed monthly volume. The recommended spot month limit is lower than the estimated physical market.

Table 2: FERC Imputed Volume and Recommended Limit
(All Volumes are in NYMEX Equivalents (2,500 MMBtu))

	SoCal Gas City-gate
Platts Market (2010 Monthly Average)	2,040
Estimated Total Index Market (Platts)	4,080
2010 Average (FERC Imputation)	28,562
Proposed Position Limit	2,000