

September 16, 2013

**VIA E-MAIL**

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

**Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Increasing Position Limits and Accountability Levels for Twelve (12) Natural Gas Contracts (Futures and Options)  
 NYMEX Submission #13-406**

Dear Ms. Jurgens:

The New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to the Position Limits, Position Accountability and Reportable Levels for twelve (12) existing Natural Gas futures and options contracts, effective Tuesday, October 1, 2013.

The contracts affected are listed in the table below:

Contract Name	Rule Chapter	Clearing Code
OneOk, Oklahoma Natural Gas (Platts IFERC) Basis Futures	430	8X
OneOk, Oklahoma Natural Gas (Platts Gas Daily/Platts IFERC) Index Futures	439	C7
Panhandle Natural Gas (Platts IFERC) Basis Futures	525	PH
Panhandle Natural Gas (Platts Gas Daily/Platts IFERC) Index Futures	704	IV
Panhandle Natural Gas (Platts IFERC) Fixed Price Futures	1281	XH
Panhandle Natural Gas (Platts IFERC) Basis Option	525B	5K
Panhandle Natural Gas (Platts IFERC) "Pipe" Option	525A	PU
Dominion, South Point Natural Gas (Platts IFERC) Basis Futures	632	PG
Dominion, South Point Natural Gas (Platts Gas Daily/Platts IFERC) Index Futures	794	IH
Dominion, South Point Natural Gas (Platts IFERC) Fixed Price Futures	1275	DSF
Trunkline, Louisiana Natural Gas (Platts IFERC) Basis Futures	773	NU
Trunkline ELA Natural Gas (Platts Gas Daily/Platts IFERC) Index Futures	837	M7

Moreover, the Exchange is self-certifying the aggregation of Panhandle Natural Gas (Platts IFERC) "Pipe" Option (Product code: PU) into the Panhandle Natural Gas (Platts IFERC) Fixed Price Futures (Product code: XH). The Position Limit, Position Accountability and Reportable Level Table and Header Notes

located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook is being amended to reflect the changes in aggregation and the position limits and accountability levels for the contracts listed above. (See Appendix A: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)).

Exchange business staff responsible for the rule amendments and the Exchange Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act (the "Act" or "CEA"). During the review, Exchange staff identified that the rule amendments may have some bearing on the following Core Principles:

- Contracts not Readily Susceptible to Manipulation: The contracts are not readily susceptible to manipulation due to the deep liquidity and robustness in the underlying physical market, which provides diverse participation and sufficient spot transactions to support the final settlement indices reported by Platts. (See Appendix B: Cash Market Overview and Analysis of Deliverable Supply.)
- Position Limitations or Accountability: The spot-month speculative position limits for the contracts are set at less than the threshold of 25% of the deliverable supply in the underlying market.
- Availability of General Information: The information contained herein will be disseminated to the marketplace via Special Executive Report. In addition, the Exchange will publish information on the contracts' specifications on its website, together with daily trading volume, open interest, and price information.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6, the Exchange hereby certifies that the attached amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. The Exchange certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or [christopher.bowen@cmegroup.com](mailto:christopher.bowen@cmegroup.com).

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments:

Appendix A: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)

Appendix B: Cash Market Overview and Analysis of Deliverable Supply

## **Appendix A**

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5  
of the NYMEX Rulebook  
(attached under separate cover)

## Appendix B

### CASH MARKET OVERVIEW: OneOk, Oklahoma; Panhandle; Dominion, South Point; and Trunkline

#### PRICE REFERENCE FOR THE NATURAL GAS CONTRACTS

The Exchange uses Platts *Inside FERC* ("Platts IFERC") and Platts *Gas Daily* as third-party price references in connection with determining the final settlement prices for the subject futures contracts.

Platts is one of the major price-reporting services used in the OTC market for pricing energy-related financial instruments, and the methodology utilized by Platts is well-known in the natural gas industry. Platts has a long-standing reputation in the natural gas industry for price benchmarks that are fair and representative of cash market activity. The New York Mercantile Exchange (NYMEX) is party to a licensing agreement with Platts to utilize their pricing data for settlement purposes.

The value used to cash settle the Panhandle Natural Gas (Platts IFERC) Fixed Price Futures is the monthly Bidweek price associated with the referenced cash market location—"Market Center"—specified in the terms and conditions of the contract. Platts defines Bidweek as the last five business days of the month. During that period, Platts collects voluntarily-reported transaction information submitted by market participants regarding their trades for next-month delivery of natural gas at various cash market locations. The monthly Bidweek index for a given trading point typically is computed by Platts as the volume-weighted average price based on submitted physical market transactions that took place during the Bidweek period at that Market Center. The Bidweek survey results are published in the Platts IFERC *Gas Market Report*. In addition to the fixed price futures contract, the Exchange also uses the Bidweek survey to settle one of the two price-legs in the subject basis and index futures and for settling the Panhandle Natural Gas (Platts IFERC) "Pipe" Option.

A fixed price futures contract provides market participants with a method of directly hedging outright natural gas price risk at different Market Centers. Currently, traders are able to hedge such price risk with existing NYMEX contracts by combining a position in the basis futures contract for a particular Market Center with the Henry Hub Natural Gas Last Day Financial Futures contract. A Basis contract is defined as the Platts Bidweek price index for a specific trading point minus the final settlement price of the

Henry Hub Natural Gas Last Day Financial Futures contract. By way of example, to go long in an outright position at the Panhandle trading point, one would need to take long positions in both the NYMEX Panhandle Natural Gas (Platts IFERC) Basis Futures contract and the Henry Hub Natural Gas Last Day Financial Futures contract. In trading both contracts, the two Henry Hub prices cancel out, leaving the trader with just an outright long position at Panhandle location. Using the Fixed Price futures contract would accomplish the same goal but with only one transaction.

Index futures are monthly contracts that are cash-settled based on the difference between the arithmetic average of the daily gas prices reported for flow dates during the contract month at the specified trading point, as published in *Gas Daily*, and the Platts monthly Bidweek price for the same location. Swing contracts are daily contracts that are cash settled based on the natural gas price reported for that flow day which is the contract day, as published by Platts in its *Gas Daily* publication. A Pipe option is cash-settled based on the sum of the Henry Hub Natural Gas Last Day Financial Futures and the final settlement price for related basis futures contract which references the Platts IFERC monthly (Bidweek) index prices. A pipe option effectively represents the option on the fixed price of natural gas at the specified Market Center.

Platts' methodology for calculating its various indices is organized to reflect the content of the Federal Energy Regulatory Commission's (FERC's) policy statement on price indices for natural gas. Platts also employs a compliance staff whom is independent of the staff that conducts the survey. Platts IFERC has been an industry standard-bearer with respect to price reporting since the early days of wellhead price deregulation in natural gas during the late 1980s.

Platts subjects its collected data to a series of statistical tests to ensure the quality and completeness of the survey sample for each pricing point or geographical location. These tests include: (i) the identification and consideration of anomalous or outlying transactions; (ii) a comparison of volume-weighted average prices for each data submitter; and (iii) the calculation of a number of overall measures of central tendency, including the volume-weighted average, median, simple average, mode, and midpoint. These procedures safeguard the price series against manipulation.

## Methodology<sup>1</sup>

### Platts IFERC: Monthly Bidweek Market

Platts publishes monthly Bidweek natural gas prices for a large number of trading locations, either as an index or as an assessment. Bidweek prices are published on the first business day of the month in which the gas flows. The current format for the monthly Bidweek survey has been in place since March 1986 and Platts has reported monthly index prices since January 1988. For cash market locations where liquidity is sufficiently large, Platts calculates the Bidweek indexes as the volume-weighted average price for trades that occur during the Bidweek period and which are voluntarily submitted to Platts for consideration. For low-liquidity points where few or, in some cases, no transactions are reported, Platts may perform assessments. Those prices are clearly marked with an asterisk (\*) to emphasize an assessment had been used.<sup>2</sup> If insufficient market information is available, Platts does not publish a price (“N.A.” is reported).

In July 2003, Platts adopted a three-tier system in order to group points in its monthly survey by reported natural gas volumes and number of trades. Tier 1 includes points with traded volumes of at least 100,000 million British thermal units per day (MMBtu/day) and at least 10 trades; Tier 2 includes points with volumes of 25,000 to 99,999 MMBtu/day and at least five trades; and Tier 3 includes points with volumes below 25,000 MMBtu/day and/or fewer than five trades. In August 2004, Platts began publishing volumes and the number of transactions for points in Tiers 1 and 2. Because of increased liquidity and data reporting by market participants, Platts added volumes and transactions for Tier 3 points effective February 2007. With regard to the cash markets underlying the subject futures contracts, all of the locations are considered liquid as Platts generally ranks these markets in Tier 1 or Tier 2 each month. The Exchange calculated the average Tier Level for the previous 36 months and 12 months respectively over which the Exchange collected data—April 2010 through March 2013. This information is reported in the “Trading Locations” section. The liquidity average measure can range anywhere from 1.00 (indicating it is always in Tier 1) to 3.00 (indicating it is always in Tier 3).

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<sup>1</sup>[http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/na\\_gas\\_methodology.pdf](http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/na_gas_methodology.pdf)

<sup>2</sup> As a note, none of the cash markets underlying the subject contracts are considered to be illiquid.

As noted above, Platts' editors generally calculate the Bidweek prices for liquid trading points as the volume-weighted average of submitted trades conducted during that time period. Bidweek prices for Tier 1 locations are always computed in this manner. Because reported trading at any individual pricing point can vary under different market conditions, the volume-weighted average alone is not always an adequate indicator of average deal-making over the five-day Bidweek period. The amount of usable reported transactions can vary with participation levels and the completeness of data elements reported. For instance, in the circumstance of a thin and/or very volatile market, a single party with one or two large-volume deals reported at the extreme end of the market's price range could significantly move the volume-weighted average away from the average value at which most parties traded. In such situation, Platts' editors would consider the median of the price series, which could tend to represent the center point of trading better than the volume-weighted average. (At points where trading is robust and the distribution of reported transactions is generally balanced, the volume-weighted average and the median are usually aligned with each other.) When the two measures (i.e., the median versus the volume-weighted average) significantly diverge, an analysis of the data set typically is performed to determine the reason. If the analysis finds that the characteristics of the survey sample creates an unrepresentative skew of the volume-weighted average, either the median is used as the index or the average of the median and the volume-weighted average is used.

In limited instances of thin, illiquid (Tier 3) markets (which do not apply to the cash markets underlying the subject futures contracts), it may not be appropriate to calculate the Bidweek index values as traditional volume-weighted averages. Instead, Platts may use an assessment methodology that incorporates market information other than the reported transactions to help provide market transparency. First, Platts' editors make a determination as to whether the reported transactions reflect a representative central value for the Bidweek time period based on current market conditions at the trading point and a comparison with other related and more deeply traded locations. If the reported data for such point produces an average that substantially correlates with the averages associated with other related and more actively traded points, Platts will establish its index using just the reported data. If, however, the reported transactions at the illiquid point do not produce an average that substantially correlates with those at more liquid related points, then Platts will make an assessment if adequate alternative market

information is available on which to base an assessment. Assessments (which are clearly designated by asterisks in price tables) may incorporate any transactional data reported or may be based solely on other information, including an analysis of bid/ask spreads, basis relationships to values at related liquid pricing points, implied physical values derived from financial swaps and derivative index deals, and daily market trading at the point during Bidweek. Assessments are based on objective factual information in addition to actual transactions, not on editors' subjective judgments of where markets would have traded or industry participants' opinions on prices. If insufficient other market information is available, Platts' editors may elect not to publish a Bidweek price for that location and designate it as "N.A." Except in the case of corrections, Platts does not revise prices after the fact — once an "N.A." is published for a month, no price will be published even if additional information is subsequently provided.

### **Safeguards for Reported Daily Prices and Bidweek Indexes**

In order to maintain the integrity of the daily prices and Bidweek indexes, Platts takes steps to minimize their susceptibility to manipulation. Platts subjects the daily and Bidweek transaction data volunteered by traders to rigorous analysis in order to ensure that they are representative of cash market activity at the respective locations. A number of data sorts, statistical calculations, and tests are performed on the collected transactional data. These tests typically include an analysis of the quality and completeness of each pricing point's survey sample; the identification and consideration of anomalous or outlying deals; a comparison of volume-weighted average prices for each data submitter; and the calculation of a number of overall measures of central tendency, including the volume-weighted average, median, simple average, mode and midpoint. Other statistical and analytical tools are also used to examine the reported data, including identification and consideration of the price series' skew, its standard deviation and distribution, the relationship between series data and that of related trading points, and the track record of the survey participants' reporting prices at the point. While Platts operates similar analytic processes on daily and bidweek transaction data, the process timing differs due to the short term element of receiving daily transaction data and publishing prices on the following business day. The production of bidweek prices involves more time due to data collection and the timing first of the month



publishing schedule. The Platts' analytic processes are tailored to the different timeframes of the daily and bidweek markets.

Platts employs other procedures to strengthen the quality of the daily prices and Bidweek values. Traders who voluntarily report transaction information are required to submit data on all trades – that is, not to be selective as to which ones are submitted. The identities of counterparties must be disclosed. Furthermore, Platts upholds the quality of the data by requiring that the transaction information be sent from non-commercial departments of the reporting firms. In addition, Platts mandates that reporting companies supply the names of internal contacts who can verify the data and answer questions about the reported transactions. Suspect trades, particularly outliers and transactions made under duress, which cannot be verified by Platts' editors may be excluded from the calculation of the reported index. As noted previously, Platts' methodology is organized to reflect the content of the FERC's policy statement on price indices for natural gas. Finally, Platts employs compliance staff whom is independent of the staff that conducts the surveys.

### **Trading Points**

According to Platts' specification guide,<sup>3</sup> Dominion South Point refers to “Deliveries into two Dominion Transmission main lines: One runs northeast from Warren County, Ohio, midway between Cincinnati and Dayton, and merges with the second line just northeast of Pittsburgh, Pa. The second line runs from Buchanan County, Va., on the Virginia/West Virginia border north to the end of the zone at Valley Gate in Armstrong County, Pa. Major stations in the South Point system include interconnections with ANR Pipeline (Lebanon station), Columbia Gas Transmission (Windbridge and Loudoun stations), Tennessee Gas Pipeline (Cornwell station), Transcontinental Gas Pipe Line (Nokesville station) and Texas Eastern Transmission (Lebanon, Oakford, Chambersburg, Perulack and Windridge stations). Storage pools in the South Point system include South Bend, Murrysville, Oakford, Gamble, Hayden, Webster, Colvin, North Summit, Bridgeport, Lost Creek, Kennedy, Fink and Rocket Newberne.”<sup>4</sup> The 36-

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<sup>3</sup> [http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/na\\_gas\\_methodology.pdf](http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/na_gas_methodology.pdf)

<sup>4</sup> [http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/na\\_gas\\_methodology.pdf](http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/na_gas_methodology.pdf)

month average Tier Level during October 2010 through September 2013 was 1.00. The 12-month average from October 2012 through September 2013 was 1.<sup>5</sup>

OneOk Okla refers to “Deliveries into Oneok Gas Transportation’s mainline systems from several gathering systems, all of which are located in Oklahoma. One of the two largest is near the east-central part of the state in Pittsburg and Haskell counties. The second, in the west-central part of the state, extends from Blaine and Canadian counties southeast to Grady County. Oneok operates a single price pool for all gas coming into the system. In the past, Oneok was known as ONG Transmission.” The 36-month average Tier Level during October 2010 through September 2013 was 1.75. The 12-month average from October 2012 through September 2013 was 1.50.

Panhandle refers to “Deliveries into Panhandle Eastern Pipe Line on two laterals running from the Texas and Oklahoma panhandles, southwestern Kansas and northwestern Oklahoma upstream of the Haven, Kan., compressor station. Deliveries to Panhandle at the Haven pooling point — the demarcation between Panhandle’s field and market zones — are not included. The 36-month average Tier Level during October 2010 through September 2013 was 1.00. The 12-month average from October 2012 through September 2013 was 1.00.

Trunkline, E. La. refers to “Deliveries into Trunkline Gas on an offshore gathering system running from south of Terrebonne Parish west to the Kaplan station in Vermilion Parish, the boundary with the WLA zone.” The 36-month average Tier Level during October 2010 through September 2013 was 1.94. The 12-month average from October 2012 through September 2013 was 1.97.

### **Dominion Transmission, Inc.**

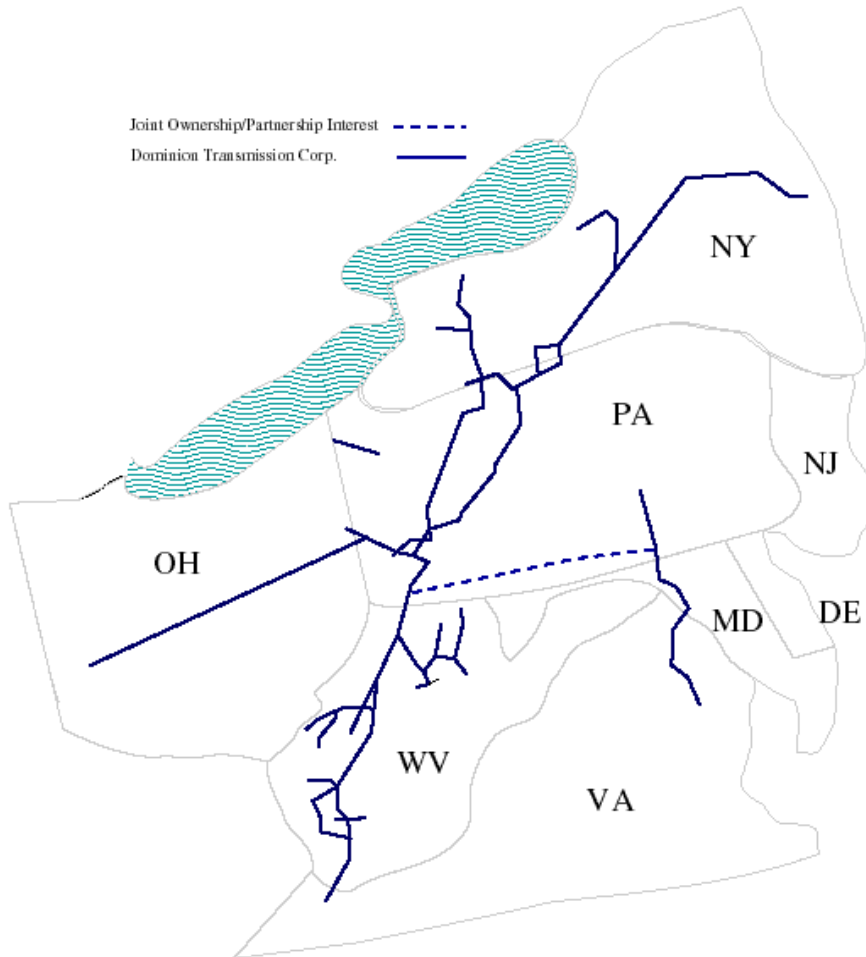
Dominion Transmission, Inc., headquartered in Richmond, Va., is the interstate gas transmission subsidiary of Dominion. The company is primarily a provider of gas transportation and storage services. Dominion operates one of the largest underground natural gas storage systems in the United States with links to other major pipelines and to markets in the Midwest, Mid-Atlantic and Northeast regions of the

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<sup>5</sup><http://www.platts.com/elqNow/elqNotAuthRedir.htm?ref=/IM.Platts.Content/MethodologyReferences/MethodologySp ecs/tiers.xls>

United States. Dominion Transmission maintains 7,800 miles of pipeline in six states — Ohio, West Virginia, Pennsylvania, New York, Maryland and Virginia. Below is the pipeline map.

### **Dominion Gas Transmission**



**Source:** [http://www.gljpublications.com/pipeline\\_maps.html](http://www.gljpublications.com/pipeline_maps.html)

### **Oneok Gas Transportation**

ONEOK Gas Transportation, L.L.C. operates as a subsidiary of ONEOK Partners Intermediate L.P. which is LP which is one of the largest publicly traded limited partnerships in the gathering, processing, storage, and transportation of natural gas. It also owns major natural gas liquids (NGL) systems due to the 2005 acquisition of Koch Industries natural gas businesses. ONEOK is also a general partner and owns 45.7

percent of ONEOK Partners, LP. ONEOK owns 43.4 percent of the partnership. ONEOK Partners is comprised of three business segments, natural gas gathering and processing, natural gas pipelines and natural gas liquids.

- Natural Gas Gathering and Processing
- Natural Gas Pipelines
- Natural Gas Liquids: Gathering, Fractionation and Storage

### **Panhandle Eastern Pipe Line Company, LP**

Panhandle Eastern Pipe Line Company which is a natural gas pipeline operates a 6,500-mile pipeline system with access to diverse supply sources and can deliver 2.8 Bcf/d of natural gas to Midwest and East Coast markets. Tie-ins to Chicago, Dayton, and Cincinnati have added to a Midwest customer base that includes some of the nation's largest utility and industrial natural gas users. Panhandle system gives accesses to 74 Bcf of storage facilities. Panhandle Eastern Pipe Line Company, LP is owned by Panhandle Energy - Southern Union Gas Company. Below is the pipeline map.



**Source:** <http://infopost.panhandleenergy.com/InfoPost/jsp/frameSet.jsp?pipe=pepl>

### **Trunkline Gas Company, LLC**

Trunkline Gas Company which is a natural gas pipeline operates a 3,059-mile pipeline system with access to Gulf Coast supply sources which can deliver 1.5 Bcf/d of natural gas to Midwest and East Coast markets. The Midwest customer base includes some of the nation's largest utility and industrial gas users in Chicago, Michigan, Memphis and St. Louis. It is owned by Panhandle Energy - Southern Union Gas Company. Below is the pipeline map.



**Source:** <http://infopost.panhandleenergy.com/InfoPost/jsp/frameSet.jsp?pipe=tgc>

### **Trading Locations: Cash Market Volumes**

Table 1 below provides the natural gas volumes (in NYMEX contract equivalents) at the various cash market locations for contracts included in this submission. The volume data, which was reported by Platts in its bidweek survey, cover each month between January 2010 and September 2013, and the data are available in Platts' *Liquidity in North American Monthly Gas Markets*<sup>6</sup> report. The monthly volume at Dominion South Point ranged from 4,782 contract equivalents in January 2010 to 15,561 contract equivalents in March 2010, with the average monthly volume being 8,785 contract equivalents. The monthly volume at OneOK ranged from 114 contract equivalents in July 2011 to 3,162 contract

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<sup>6</sup> <http://www.platts.com/MethodologyAndSpecifications/NaturalGas>

equivalents in December 2010, with the average monthly volume being 1,083 contract equivalents. The monthly volume at the Panhandle ranged from 1,857 contract equivalents in October 2011 to 11,939 contract equivalents in March 2011, with the average monthly volume being 6,431 contract equivalents. The monthly volume at Trunkline ranged from 12 contract equivalents in October 2011 to 2,562 contract equivalents in July 2010, with the average monthly volume being 984 contract equivalents.

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

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

Month	Dominion South Point	OneOK Oklahoma	Panhandle	Trunkline
Jan-10	4,782	1,876	8,546	742
Feb-10	6,256	1,753	5,584	1,758
Mar-10	15,561	1,574	7,289	1,861
Apr-10	12,838	936	5,978	1,771
May-10	8,010	1,894	6,230	2,206
Jun-10	5,949	347	6,618	1,787
Jul-10	9,320	701	4,185	2,562
Aug-10	6,404	1,334	5,600	2,084
Sep-10	6,859	1,710	10,251	864
Oct-10	13,588	1,059	6,491	1,205
Nov-10	8,798	558	8,626	990
Dec-10	7,915	3,162	7,474	1,583
Jan-11	5,570	2,236	2,147	840
Feb-11	11,265	1,590	6,563	1,118
Mar-11	8,338	364	11,939	530
Apr-11	7,161	957	9,300	805
May-11	14,382	1,097	4,935	1,211
Jun-11	12,258	354	3,410	447
Jul-11	12,760	114	1,978	504
Aug-11	6,801	528	3,218	523
Sep-11	11,989	630	2,657	341
Oct-11	6,749	690	1,857	12
Nov-11	8,079	458	8,047	1,205
Dec-11	7,146	460	5,647	614
Jan-12	6,756	529	5,059	824
Feb-12	11,952	924	6,818	831
Mar-12	6,867	462	5,665	591
Apr-12	6,244	904	5,393	688
May-12	11,434	574	7,409	507

<b>Month</b>	<b>Dominion South Point</b>	<b>OneOK Oklahoma</b>	<b>Panhandle</b>	<b>Trunkline</b>
Jun-12	10,098	1,662	9,569	209
Jul-12	14,530	868	5,468	283
Aug-12	7,250	575	5,653	125
Sep-12	6,990	817	7,311	1,073
Oct-12	7,991	1,434	4,726	855
Nov-12	7,630	1,987	7,263	1,078
Dec-12	7,939	1,052	4,628	1,377
Jan-13	9,098	1,171	3,726	1,158
Feb-13	6,723	1,181	5,985	783
Mar-13	7,486	1,444	6,690	1,151
Apr-13	6,825	877	8,970	852
May-13	8,374	1,009	8,519	1,042
Jun-13	8,494	450	6,334	493
Jul-13	10,554	1,292	10,307	1,343
Aug-13	7,776	1,734	8,748	586
Sep-13	5,533	1,406	10,595	849

## **ANALYSIS OF DELIVERABLE SUPPLY**

The Exchange calculated deliverable supply for the subject natural gas contracts based on estimates of the delivery capacity of the respective delivery mechanisms. There are two components to this: operational capacity in single-flow direction; displacement and counterflow operations. In its analysis the Exchange relied on a data tool called NatGas RealTime provided by Genscape Inc, NatGas RealTime is an interactive geo-mapping application of intra-day gas flows for North American natural gas pipeline system. The operational capacity measures the amount of gas that is scheduled and available for delivery at different interconnections on a pipeline system. Displacement operating capacity was calculated using the equivalent methodology to calculate forward-haul operating capacity: 1. Confirmation that system supplies with access to displacement at each respective delivery facility exceeded operating displacement. 2. Incorporating displacement operating capacity, which equal 100% of the forward-haul capacity

### **Dominion South Point**

Dominion Transmission does not report operational capacity for this location so Genscape adjusts its methodology to account for this. As part of that, Genscape collected the daily Dominion South Point flow rates from 2008 through 2013 and has advised that, in the absence of reported operational capacity, the maximum flow rate should serve as a proxy for operational capacity. To make sure that our estimates reflect current operations, we looked at the maximum flow rate between April 1, 2012 and March 31, 2013. Using this methodology, the daily delivery capacity is 2,082,450 MMBTU. This leads to an estimated monthly delivery capacity of 62,473,513 MMBTU which is 24,989 contract equivalents. Table 2 (below) indicates the average daily deliverable supply for the period of January 2010 to March 2013. The proposed spot-month limit for Dominion, South Point Natural Gas (Platts IFCR) Fixed Price Futures, Dominion, South Point Natural Gas (Platts IFCR) Basis Futures contracts and related leg of the Dominion, South Point Natural Gas (Platts Gas Daily/Platts IFCR) Index Futures is 6,200 contracts. This level represents 25% of the monthly deliverable supply.



**Table 2: Deliverable Supply Estimates for Dominion South Point**

<b>Month</b>	<b>Average Daily Deliverable Supply (MMBTU)</b>
10-Jan	90,343
10-Feb	503,023
10-Mar	1,248,857
10-Apr	2,263,255
10-May	2,618,890
10-Jun	2,561,013
10-Jul	2,229,620
10-Aug	1,879,714
10-Sep	2,131,132
10-Oct	1,899,461
10-Nov	1,373,686
10-Dec	165,166
11-Jan	637,520
11-Feb	59,021
11-Mar	1,152,194
11-Apr	1,912,711
11-May	2,212,339
11-Jun	1,781,278
11-Jul	1,624,329
11-Aug	1,542,570
11-Sep	1,709,100
11-Oct	1,642,015
11-Nov	1,008,585
11-Dec	224,852
12-Jan	457,183
12-Feb	77,957
12-Mar	956,028
12-Apr	1,589,646
12-May	1,556,213
12-Jun	1,269,561
12-Jul	332,577
12-Aug	361,242
12-Sep	109,235
12-Oct	229,717
12-Nov	134,682

Month	Average Daily Deliverable Supply (MMBTU)
12-Dec	883,168
13-Jan	1,955,268
13-Feb	2,082,450
13-Mar	1,715,206

### **OneOK Oklahoma**

ONEOK Gas Transportation does not report operational capacity for this location so Genscape adjusts its methodology to account for this. As part of that, Genscape collected the daily OneOK Oklahoma flow rates from October 2010 till January 2012 which is the period in which the intrastate pipeline was required by FERC to report its 720 information until the court decision overturned the mandate. Genscape used the maximum flow rate should serve as a proxy for operational capacity. To make sure that our estimates reflect current operations, we looked at the maximum flow. Using this methodology, the daily delivery capacity is 3,144,745 MMBTU. This leads to an estimated monthly delivery capacity of 94,342,340 MMBTU which is 37,737 contract equivalents. Table 3 (below) indicates the average daily deliverable supply for the period of October 2010 till January 2012. The proposed spot-month limit for OneOk, Oklahoma Natural Gas (Platts IFERC) Basis Futures and related leg of the OneOk, Oklahoma Natural Gas (Platts Gas Daily/Platts IFERC) Index Futures is 3,000 contracts. This level represents 8% of the monthly deliverable supply.

**Table 3: Deliverable Supply Estimates for OneOK Oklahoma**

Month	Average Daily Deliverable Supply (MMBTU)
10-Oct	1,576,031
10-Nov	1,883,250

Month	Average Daily Deliverable Supply (MMBTU)
10-Dec	2,459,925
11-Jan	2,418,299
11-Feb	2,290,922
11-Mar	2,965,543
11-Apr	2,192,181
11-May	1,956,033
11-Jun	1,908,901
11-Jul	2,455,998
11-Aug	2,530,815
11-Sep	2,371,787
11-Oct	2,598,099
11-Nov	2,583,635
11-Dec	3,013,994
12-Jan	3,144,745

### **Panhandle**

Panhandle Eastern Pipe Line does not report operational capacity for this location so Genscape adjusts its methodology to account for this. As part of that, Genscape collected the daily Dominion South Point flow rates from 2008 through 2013 and has advised that, in the absence of reported operational capacity, the maximum flow rate should serve as a proxy for operational capacity. To make sure that our estimates reflect current operations, we looked at the maximum flow rate between April 1, 2012 and March 31, 2013. Using this methodology, the daily delivery capacity is 2,554,522 MMBTU. This leads to an estimated monthly delivery capacity of 76,635,652 MMBTU which is 30,654 contract equivalents. Table 4 (below) indicates the average daily deliverable supply for the period of January 2010 to March 2013. The proposed spot-month limit for Panhandle Natural Gas (Platts IFERC) Basis Futures contracts, related leg of the Panhandle Natural Gas (Platts Gas Daily/Platts IFERC) Index Futures, Panhandle Natural Gas

(Platts IFERC) Fixed Price Futures, Panhandle Natural Gas (Platts IFERC) Basis Option, and Panhandle Natural Gas (Platts IFERC) "Pipe" Option is 7,500 contracts. This level represents 24% of the monthly deliverable supply. Moreover, we will now aggregate Panhandle Natural Gas (Platts IFERC) "Pipe" Option (Product code: PU) into the Panhandle Natural Gas (Platts IFERC) Fixed Price Futures (Product code: XH). This change will be reflected in the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook provided under separate cover in Appendix A.

**Table 4: Deliverable Supply Estimates for Panhandle**

<b>Month</b>	<b>Average Daily Deliverable Supply (MMBTU)</b>
10-Jan	2,336,239
10-Feb	2,220,466
10-Mar	2,456,457
10-Apr	2,590,704
10-May	2,600,320
10-Jun	2,451,133
10-Jul	2,244,055
10-Aug	2,050,481
10-Sep	2,311,627
10-Oct	2,424,622
10-Nov	2,393,614
10-Dec	2,491,102
11-Jan	2,362,363
11-Feb	2,081,828
11-Mar	2,354,005
11-Apr	2,418,789
11-May	2,481,374
11-Jun	2,296,741
11-Jul	2,240,211
11-Aug	2,307,515
11-Sep	2,797,082
11-Oct	2,645,408
11-Nov	2,539,774

<b>Month</b>	<b>Average Daily Deliverable Supply (MMBTU)</b>
11-Dec	2,296,942
12-Jan	2,189,402
12-Feb	2,097,996
12-Mar	2,238,178
12-Apr	2,415,929
12-May	2,141,446
12-Jun	2,147,843
12-Jul	2,223,816
12-Aug	2,253,813
12-Sep	2,374,888
12-Oct	2,472,305
12-Nov	2,554,522
12-Dec	2,104,388
13-Jan	2,335,101
13-Feb	2,281,657
13-Mar	2,383,145

**Trunkline, Louisiana**

Trunkline Gas Company does not report operational capacity for this location so Genscape adjusts its methodology to account for this. As part of that, Genscape collected the daily Dominion South Point flow rates from 2008 through 2013 and has advised that, in the absence of reported operational capacity, the maximum flow rate should serve as a proxy for operational capacity. To make sure that our estimates reflect current operations, we looked at the maximum flow rate between April 1, 2012 and March 31, 2013. Using this methodology, the daily delivery capacity is 225,716 MMBTU. This leads to an estimated monthly delivery capacity of 6,771,479 MMBTU which is 2,709 contract equivalents. Table 5 indicates the average daily deliverable supply for the period of January 2010 to March 2013. The proposed spot-month limit for Trunkline, Louisiana Natural Gas (Platts IFERC) Basis Futures contracts and related leg of the

Trunkline ELA Natural Gas (Platts Gas Daily/Platts IFERC) Index Futures is 650 contracts. This level represents 24% of the monthly deliverable supply.

**Table 5: Deliverable Supply Estimates for Trunkline, Louisiana**

<b>Month</b>	<b>Average Daily Deliverable Supply (MMBTU)</b>
10-Jan	101,123
10-Feb	64,141
10-Mar	27,611
10-Apr	44,706
10-May	71,595
10-Jun	232,483
10-Jul	140,233
10-Aug	185,488
10-Sep	94,730
10-Oct	79,452
10-Nov	88,392
10-Dec	84,169
11-Jan	134,073
11-Feb	63,428
11-Mar	131,445
11-Apr	190,927
11-May	92,847
11-Jun	87,281
11-Jul	87,145
11-Aug	99,786
11-Sep	128,534
11-Oct	122,673
11-Nov	6,318
11-Dec	49,158
12-Jan	3,717

<b>Month</b>	<b>Average Daily Deliverable Supply (MMBTU)</b>
12-Feb	8,405
12-Mar	92,843
12-Apr	56,826
12-May	91,584
12-Jun	64,902
12-Jul	1,045
12-Aug	63,153
12-Sep	171,308
12-Oct	149,220
12-Nov	191,318
12-Dec	174,693
13-Jan	110,542
13-Feb	89,857
13-Mar	225,716

Contract Name	Rule Chapter	Commodity Code	Contract Size
Dominion, South Point Natural Gas (Platts Gas Daily/Platts IFERC) Index Futures	794	IH	2,500
Dominion, South Point Natural Gas (Platts IFERC) Basis Futures	632	PG	2,500
Dominion, South Point Natural Gas (Platts IFERC) Fixed Price Futures	1275	DSF	2,500
OneOk, Oklahoma Natural Gas (Platts Gas Daily/Platts IFERC) Index Futures	439	C7	2,500
OneOk, Oklahoma Natural Gas (Platts IFERC) Basis Futures	430	8X	2,500
Panhandle Natural Gas (Platts Gas Daily/Platts IFERC) Index Futures	704	IV	2,500
Panhandle Natural Gas (Platts IFERC) "Pipe" Option	525A	PU	2,500
Panhandle Natural Gas (Platts IFERC) Basis Futures	525	PH	2,500
Panhandle Natural Gas (Platts IFERC) Basis Option	525B	5K	2,500
Panhandle Natural Gas (Platts IFERC) Fixed Price Futures	1281	XH	2,500
Trunkline ELA Natural Gas (Platts Gas Daily/Platts IFERC) Index Futures	837	M7	2,500
Trunkline, Louisiana Natural Gas (Platts IFERC) Basis Futures	773	NU	2,500



Contract Units	Type	Settlement	Group	Diminishing Balance Contract	Reporting Level	Spot-Month position comprised of futures and deliveries	Spot-Month Aggregate Into Futures Equivalent Leg (1)	Spot-Month Aggregate Into Futures Equivalent Leg (2)
MMBtu	Futures	Financially Settl	Natural Gas		25		SH	DSF
MMBtu	Futures	Financially Settl	Natural Gas		25		DSF	
MMBtu	Futures	Financially Settl	Natural Gas		25		DSF	
MMBtu	Futures	Financially Settl	Natural Gas		25		M3	8X
MMBtu	Futures	Financially Settl	Natural Gas		25		8X	
MMBtu	Futures	Financially Settl	Natural Gas		25		SV	XH
MMBtu	Eu.Option	Financially Settl	Natural Gas		25		<del>SV</del> XH	
MMBtu	Futures	Financially Settl	Natural Gas		175		XH	
MMBtu	Eu.Option	Financially Settl	Natural Gas		175		XH	
MMBtu	Futures	Financially Settl	Natural Gas		25		XH	
MMBtu	Futures	Financially Settl	Natural Gas		25		K7	NU
MMBtu	Futures	Financially Settl	Natural Gas		25		NU	

Spot-Month Aggregate Into Ratio Leg (1)	Spot-Month Aggregate Into Ratio Leg (2)	Spot-Month Accountability Level	Initial Spot-Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
1 IH : 1 SH	1 IH : -1 DSF		2,000/ <del>2,000</del> <b><u>6,200</u></b>
1 PG : 1 DSF			<del>2,000</del> <b><u>6,200</u></b>
			<del>2,000</del> <b><u>6,200</u></b>
1 C7 : 1 M3	1 C7 : -1 8X		100/ <del>250</del> <b><u>3,000</u></b>
			<del>250</del> <b><u>3,000</u></b>
1 IV : 1 SV	1 IV : -1 XH		2,000/ <del>2,000</del> <b><u>7,500</u></b>
1 PU : 1 <del>SV</del> XH			<del>2,000</del> <b><u>7,500</u></b>
1 PH : 1 XH			<del>2,000</del> <b><u>7,500</u></b>
1 5K : 1 XH			<del>2,000</del> <b><u>7,500</u></b>
			<del>2,000</del> <b><u>7,500</u></b>
1 M7 : 1 K7	1 M7 : -1 NU		100/ <del>1,000</del> <b><u>650</u></b>
			<del>1,000</del> <b><u>650</u></b>

## Spot-Month

Initial Spot-Month Limit Effective Date	Spot-Month Limit (In Contract Units) Leg (1) / Leg (2)
For SH: Close of trading 3 business days prior to expiration of the daily contract and for DSF: Close of tr	5,000,000/ <del>5,000,000</del> <b><u>15,500,000</u></b>
For DSF: Close of trading 3 business days prior to last trading day of the contract	<del>5,000,000</del> <b><u>15,500,000</u></b>
Close of trading 3 business days prior to last trading day of the contract	<del>5,000,000</del> <b><u>15,500,000</u></b>
For M3: Close of trading 3 business days prior to expiration of the daily contract and for 8X: Close of tra	250,000/ <del>625,000</del> <b><u>7,500,000</u></b>
Close of trading 3 business days prior to last trading day of the contract	<del>625,000</del> <b><u>7,500,000</u></b>
For SV: Close of trading 3 business days prior to expiration of the daily contract and for XH: Close of tra	5,000,000/ <del>5,000,000</del> <b><u>18,750,000</u></b>
<del>For SV: Close of trading 3 business days prior to expiration of the daily contract</del> <b>For XH: Close of tradin</b>	<del>5,000,000</del> <b><u>18,750,000</u></b>
For XH: Close of trading 3 business days prior to last trading day of the contract	<del>5,000,000</del> <b><u>18,750,000</u></b>
For XH: Close of trading 3 business days prior to last trading day of the contract	<del>5,000,000</del> <b><u>18,750,000</u></b>
Close of trading 3 business days prior to last trading day of the contract	<del>5,000,000</del> <b><u>18,750,000</u></b>
For K7: Close of trading 3 business days prior to expiration of the daily contract and for NU: Close of tra	250,000/ <del>2,500,000</del> <b><u>1,625,000</u></b>
Close of trading 3 business days prior to last trading day of the contract	<del>2,500,000</del> <b><u>1,625,000</u></b>

Single Month						All Month		
Single Month Aggregate Into Futures Equivalent Leg (1)	Single Month Aggregate Into Futures Equivalent Leg (2)	Single Month Aggregate Into Ratio Leg (1)	Single Month Aggregate Into Ratio Leg (2)	Single Month Accountability Level Leg (1) / Leg (2)	Single Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)	All Month Aggregate Into Futures Equivalent Leg (1)	All Month Aggregate Into Futures Equivalent Leg (2)	All Month Aggregate Into Ratio Leg (1)
SH	DSF	1 IH : 1 SH	1 IH : -1 DSF	10,000/10,000		SH	DSF	1 IH : 1 SH
DSF		1 PG : 1 DSF		10,000		DSF		1 PG : 1 DSF
DSF				10,000		DSF		
M3	8X	1 C7 : 1 M3	1 C7 : -1 8X	500/2,500		M3	8X	1 C7 : 1 M3
8X				2,500		8X		
SV	XH	1 IV : 1 SV	1 IV : -1 XH	10,000/10,000		SV	XH	1 IV : 1 SV
<del>SV</del> XH		1 PU : 1 <del>SV</del> XH		10,000		<del>SV</del> XH		1 PU : 1 <del>SV</del> XH
XH		1 PH : 1 XH		10,000		XH		1 PH : 1 XH
XH		1 5K : 1 XH		10,000		XH		1 5K : 1 XH
XH				10,000		XH		
K7	NU	1 M7 : 1 K7	1 M7 : -1 NU	500/10,000		K7	NU	1 M7 : 1 K7
NU				10,000		NU		

**Month**

All Month Aggregate Into Ratio Leg (2)	All Month Accountability Level Leg (1) / Leg (2)	All Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
1 IH : -1 DSF	10,000/10,000	
	10,000	
	10,000	
1 C7 : -1 8X	750/3,500	
	3,500	
1 IV : -1 XH	10,000/10,000	
	10,000	
	10,000	
	10,000	
	10,000	
1 M7 : -1 NU	750/10,000	
	10,000	