

December 4, 2008

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 #08.131: Notification of Amendments to NYMEX Rules 9.26, 9.27 and 9.34 for Twenty-Six (26) New Electricity Swap Futures Contracts

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 NYMEX Rules 9.26, All Month/Any One Month Position Accountability Levels, 9.27, Expiration and Current Delivery Month Position Limits, and 9.34 Reporting Levels, in relation to the listing of twenty-six (26) new Electricity Swap Futures Contracts.

These amendments include the addition of accountability levels, expiration month position limits, and reportable levels for the new contracts. Additionally, administrative amendments were made to select existing electricity contracts to conform the size of the limits and levels with those of the new contracts.

The following points highlight the rationale applied with regard to the setting of position limits:

- The contracts we are self-certifying are smaller in size than previous electricity contracts that the Exchange has submitted to the Commission and listed for trading. The reasons for that are two-fold.
 - First, commercial participants have requested a smaller size contract for electricity markets to accommodate greater flexibility. Some of this need is driven by retail customer interest which entails much smaller transaction sizes than commercial and industrial customers do.
 - Second, there are technical system limitations among market participants that dictate a narrow band of commercially-preferred transaction structures. In particular, participants prefer to transact in terms of megawatts (MW) per hour.

- There are two basic types of contracts being submitted here: peak and off-peak. For each, the underlying flow per hour is 5 megawatts, which is smaller than the 50-megawatt and 25-megawatt flows underlying other NYMEX electricity contracts. To accommodate both commercial preference and commercial system limitations, the peak contract has been structured to reduce to the financial equivalent of 5 MW per hour for each peak hour of a peak day—16 hours in total—leading to a contract size of 80 megawatt-hours (MWH); because there are different numbers of off-peak hours on peak days versus non-peak days, the off-peak contract is structured simply as 5 MW leading to a contract size of 5 MWH.
- There are additional respective conditions placed on transaction sizes of the peak and off-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 days. Transactions of the off-peak contracts must be conducted in multiples of the number of off-peak hours in the transaction month—approximately 380 hours per month depending on the month. The combination of contract size and these transaction conditions result in providing market participants with trading instruments that satisfy both the smaller flow per hour (5 MW) and commercial structure they prefer (monthly flow).
- Consequently, position limits may appear to be large relative to other NYMEX electricity contracts. For the Day-Ahead reference contracts (24 in total), they are 2,000 contracts for peak (with one exception—1,300) and 40,000 for off-peak (with two exceptions—35,000 and 20,000). It should be kept in mind, however, that when considering them, the underlying megawatt-hour levels are commensurate with previous practice and established Commission and Exchange criteria. It may help to consider the limits in terms of their minimum transaction size levels—approximately 1600 MWH for peak (20 contracts) and 1900 MWH for off-peak (380 contracts). When the position limits are converted to minimum transaction level terms, they become approximately 100 for peak and 105 for off-peak.
- The overall guiding criteria for the position limits were commercial practices subject to ensuring Commission guidelines were not violated. In all instances, the limits were set at levels below 25% of the underlying market which was calculated either in terms of physical throughput or commercial activity.
- For the contracts that are for Load Zone contracts, these limits were calculated with reference to physical throughput and represent less than 25% of throughput. For the Hub contracts, physical throughput statistics are not available (and somewhat not-applicable since Hubs are commercial constructs), so trading volumes from Power Marketer Reports filed with the Federal Energy Regulatory Commission (FERC) were used. The position limits represent less than 25% of reported activity for the respective Hubs.
- The two new real-time western hubs' position limits will be aggregated with the already-established NYMEX PJM Calendar-Month LMP Swap (PJM Interconnection, LLC)

Day-Ahead Zone Contracts

Zone Contracts	MW HrDem	MW *350	Day-Ahead Adjustment 60%	Peak Con Eq 80 Mwh	Peak 25%	Off Peak Con Eq 5 MWh	Off-Peak 25%	Zone Pos Lim Rec--Peak	Zone Rec Off-Peak
APS	7,777	2,721,950	1,633,170	20,415	5,104	326,634	81,659	2,000	40,000
BGE	5,848	2,046,800	1,228,080	15,351	3,838	245,616	61,404	2,000	40,000
DPL	3,331	1,165,850	699,510	8,744	2,186	139,902	34,976	2,000	35,000
JCPL	4,572	1,600,200	960,120	12,002	3,000	192,024	48,006	2,000	40,000
PEPCO	5,471	1,914,850	1,148,910	14,361	3,590	229,782	57,446	2,000	40,000
PPL	6,711	2,348,850	1,409,310	17,616	4,404	281,862	70,466	2,000	40,000
PSEG	8,008	2,802,800	1,681,680	21,021	5,255	336,336	84,084	2,000	40,000
AECO	1,999	699,650	419,790	5,247	1,312	83,958	20,990	1,300	20,000

Futures Contract (code JM) and NYMEX PJM (PJM Interconnection, LLC) Calendar-Month Off-Peak LMP Swap Contract (code JP).

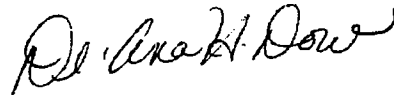
**Day-Ahead Hub Contracts
(2Q08 Power Marketers Filing Volume MWh)**

Contract	MWh	MWh Per Month	Day-Ahead Adjustment 60%	Peak 80 MWh	Off-Peak 5 MWh	Peak 25%	Off Peak 25%	Hub Peak Pos Lim Rec	Hub Off-Peak Pos Lim Rec
AEP Dayton	5,059,749	1,686,583	1,011,950	12,649	202,390	3,162	50,597	2,000	40,000
Eastern	11,773,655	3,924,552	2,354,731	29,434	470,946	7,359	117,737	2,000	40,000
NI	39,801,306	13,267,102	7,960,261	99,503	1,592,052	24,876	398,013	2,000	40,000
Western	49,513,201	16,504,400	9,902,640	123,783	1,980,528	30,946	495,132	2,000	40,000

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. These changes will be made effective on trade date December 8, 2008.

Should you have any questions concerning the above, please contact Anthony V. Densieski, Vice President, Market Surveillance, at (212) 299-2881, or the undersigned at (202) 715-8517.

Sincerely,

A handwritten signature in cursive script, appearing to read "De'Ana H. Dow".

De'Ana H. Dow
Senior Vice President and
Chief Legislative Counsel

Attachment

APPENDIX A TO SUBMISSION #08-131

NOTIFICATION OF AMENDMENTS TO NYMEX RULES 9.26, 9.27 and 9.34
 (Additions are in bold/underline; strikethroughs indicate 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>
			<u>Rule 9.26</u>	<u>Rule 9.26</u>	<u>Rule 9.27</u>	<u>Rule 9.34</u>		
<i>Electricity</i>								
<i>PJM Interconnection, LLC</i>								
<u>PJM AECO Zone Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	<u>154</u>	<u>Y1</u>	<u>8,000</u>	<u>5,000</u>	<u>1,300</u>	<u>25</u>	<u>Y1</u>	
<u>PJM AECO Zone Off-Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	<u>155</u>	<u>X1</u>	<u>80,000</u>	<u>60,000</u>	<u>20,000</u>	<u>25</u>	<u>X1</u>	
NYMEX AEP-Dayton Hub Calendar-Month LMP Swap (PJM Interconnection, LLC) Contract	765	VM	5,000	5,000 <u>3,000</u>	500	25	VM	
AEP-DAYTON Calendar-Month LMP Swap Option	382	OT	5,000	5,000 <u>3,000</u>	n/a <u>500</u>	25	VM	
<u>PJM AEP Dayton Hub Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	<u>156</u>	<u>D7</u>	<u>9,000</u>	<u>7,000</u>	<u>2,000</u>	<u>25</u>	<u>D7</u>	
NYMEX AEP-Dayton Hub Calendar-Day LMP Swap (PJM Interconnection, LLC) Contract	766	VD	5,000	5,000 <u>3,000</u>	500	25	VM	
NYMEX AEP-Dayton Hub Off-Peak LMP Swap (PJM Interconnection, LLC) Contract	765a	VP	5,000 <u>4,000</u>	5,000 <u>2,000</u>	500 <u>250</u>	25	VP	

<u>PJM AEP Dayton Hub Off-Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	157	R7	100,000	80,000	40,000	25	R7	
<u>PJM APS Zone Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	158	S4	9,000	7,000	2,000	25	S4	
<u>PJM APS Zone Off-Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	159	W4	100,000	80,000	40,000	25	W4	
<u>PJM BGE Zone Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	160	E3	9,000	7,000	2,000	25	E3	
<u>PJM BGE Zone Off-Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	161	R3	100,000	80,000	40,000	25	R3	
<u>PJM DPL Zone Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	162	L8	9,000	7,000	2,000	25	L8	
<u>PJM DPL Zone Off-Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	163	E8	100,000	80,000	40,000	25	E8	
<u>PJM Eastern Hub Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	164	E9	9,000	7,000	2,000	25	E9	
<u>PJM Eastern Hub Off-Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	165	F4	100,000	80,000	40,000	25	F4	
<u>PJM ICPL Zone Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	166	I2	9,000	7,000	2,000	25	I2	
<u>PJM ICPL Zone Off-Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	167	F2	100,000	80,000	40,000	25	F2	

Northern Illinois Hub Calendar-Month LMP Swap (PJM Interconnection, LLC) Contract	762	UM	5,000 10,000	5,000 8,000	500 3,000	25	UM
Northern Illinois Calendar-Month LMP Swap Option	384	OU	5,000 10,000	5,000 8,000	n/a 3,000	25	UM
<u>PJM Northern Illinois Hub Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	<u>152</u>	<u>N3</u>	<u>9,000</u>	<u>7,000</u>	<u>2,000</u>	<u>25</u>	<u>N3</u>
NYMEX Northern Illinois Hub Calendar-Day LMP Swap (PJM Interconnection, LLC) Contract	763	UD	5,000 10,000	5,000 8,000	500 3,000	25	UM
NYMEX Northern Illinois Hub Off-Peak LMP Swap (PJM Interconnection, LLC) Contract	762a	UO	5,000 9,000	5,000 7,000	500 1,500	25	UO
<u>PJM Northern Illinois Hub Off-Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	<u>153</u>	<u>L3</u>	<u>100,000</u>	<u>80,000</u>	<u>40,000</u>	<u>25</u>	<u>L3</u>
<u>PJM PEPCO Zone Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	<u>168</u>	<u>R8</u>	<u>9,000</u>	<u>7,000</u>	<u>2,000</u>	<u>25</u>	<u>R8</u>
<u>PJM PEPCO Zone Off-Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	<u>169</u>	<u>O8</u>	<u>100,000</u>	<u>80,000</u>	<u>40,000</u>	<u>25</u>	<u>O8</u>
<u>PJM PPL Zone Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	<u>170</u>	<u>L5</u>	<u>9,000</u>	<u>7,000</u>	<u>2,000</u>	<u>25</u>	<u>L5</u>
<u>PJM PPL Zone Off-Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	<u>171</u>	<u>F5</u>	<u>100,000</u>	<u>80,000</u>	<u>40,000</u>	<u>25</u>	<u>F5</u>
<u>PJM PSEG Zone Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	<u>172</u>	<u>L6</u>	<u>9,000</u>	<u>7,000</u>	<u>2,000</u>	<u>25</u>	<u>L6</u>

<u>PJM PSEG Zone Off-Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	173	W6	100,000	80,000	40,000	25	W6	
NYMEX PJM Calendar-Month LMP Swap (PJM Interconnection, LLC) Futures Contract	635	JM	5,000 10,000	5,000 8,000	3,000	± 25	JM	
PJM Calendar-Month LMP Swap Option	380	JO	5,000 10,000	5,000 8,000	n/a	25	JM	
NYMEX PJM Calendar-Day LMP Swap (PJM Interconnection, LLC) Futures Contract	637	JD	5,000 10,000	5,000 8,000	3,000	± 25	JM	
<u>PJM Western Hub Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	174	I4	9,000	7,000	2,000	25	I4	
<u>PJM Western Hub Peak Calendar-Month Real-Time LMP Swap Futures Contract</u>	176	L1	10,000	8,000	3,000	25	JM	
NYMEX PJM (PJM Interconnection, LLC) Calendar-Month Off-Peak LMP Swap Contract	635a	JP	5,000	5,000 3,000	500	25	JP	
<u>PJM Western Hub Off-Peak Calendar-Month Day-Ahead LMP Swap Futures Contract</u>	175	E4	100,000	80,000	40,000	25	E4	
<u>PJM Western Hub Off-Peak Calendar-Month Real-Time LMP Swap Futures Contract</u>	177	N9	5,000	3,000	500	25	IP	