



EDF TRADING

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September 21, 2015

Via Electronic Submission

To: Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Attn: Mr. Christopher J. Kirkpatrick
Secretary of the Commission

Re: CFTC Requests Public Comment on a Certification Filing by ICE Futures US to Amend the Position Limits on NYISO Zone G Futures Contracts

Dear Mr. Kirkpatrick:

I. Introduction

EDF Trading North America, LLC (“EDFTNA”) submits these comments in response to the United States’ Commodity Futures Trading Commission’s (“CFTC’s” or “Commission’s”) Division of Market Oversight’s (“DMO’s”) solicitation of comments regarding the ICE Futures U.S. Inc.’s (“ICE’s”) proposed increase of position limits for electric power for Zone G contracts in NYSIO.

EDFTNA is a wholly-owned indirect subsidiary of Eléctricité de France, S.A., a global leader in energy production and supply with over 140.4 Gigawatts of generation capacity and approximately 39 million customers world-wide. In addition to being the fifth largest marketer of natural gas in North America, EDFTNA is also a leading provider of energy management and, through its affiliated companies, a provider of retail power and gas services to large-scale commercial and industrial customers.

In general, EDFTNA appreciates the opportunity to submit comments to the CFTC regarding ICE’s proposed increase of position limits for electric power contracts for NYISO Zone G, as well as, the Commission’s ongoing effort to continue its dialog with the industry with regards to position limits.



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II. Executive Summary

EDFTNA supports the use of alternate estimates in determining deliverable supply and the use of such estimates to reflect existing market conditions. EDFTNA would like to respectfully request that the DMO approve ICE's submission¹ for position limit increases for the following reasons:

- a) EDFTNA supports ICE's methodology of using the aggregate of generation capacity within and total transfer capability ("TTC") into a hub or zone when estimating deliverable supply for electric power contracts within NYISO for Zone G. EDFTNA believes this methodology serves as the best estimate for the determining the quantity of electricity readily available for the delivery at a hub or zone.
- b) EDFTNA believes that ICE's basis for using generation and TTC from publicly available information provides a reasonable and not arbitrary basis for increasing the position limits for electric power contracts in NYSIO Zone G and, therefore, ICE's methodology should withstand scrutiny when examined under the Commission's definition of deliverable supply.

III. EDFTNA supports ICE's methodology of using the aggregate of generation capacity within and total transfer capability ("TTC") into a hub or zone when estimating deliverable supply for electric power contracts within NYISO for Zone G. EDFTNA believes this methodology serves as the best estimate for the determining the quantity of electricity readily available for the delivery at a hub or zone.

As stated within the federal regulations, "an adequate measure of deliverable supply would be an amount of the commodity that would meet the normal or expected range of delivery demand without causing futures prices to become distorted relative to cash market prices".² The sum of the TTC into the NYISO Zone G and maximum generation capability is a reflection of the "normal or expected range of delivery" and would, in accordance with regulations, serve as an "adequate measure of deliverable supply". In addition, as newly constructed physical generation and transmission is brought online, the resetting of the deliverability assessments would allow for the inclusion of new construction in establishing the deliverable supply estimates; resulting in deliverable supply estimates that are closely in sync with the physical market infrastructure.

¹ ICE U.S. Submission 15-101 and ICE U.S. Submission 15-101 Supplemental

² 17 Part 38, Appendix C(b)(i)(A)



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Therefore, it is EDFTNA's belief that the aggregate of generation capacity in and transmission available into NYISO Zone G gives the industry the best estimate of the quantity of electricity that can reasonably be expected to be readily available to market participants.

IV. EDFTNA believes that ICE's basis for using generation and TTC from publicly available information provides a reasonable and not arbitrary basis for increasing the position limits for electric power contracts in NYSIO Zone G and, therefore, ICE's methodology should withstand scrutiny when examined under the Commission's definition of deliverable supply.

The Commission's definition for deliverable supply states that "the quantity of the commodity meeting a derivative contract's delivery specifications that can *reasonably* be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce."³ Based on the Commission's definition, an evaluation of whether ICE's proposed methodology of using the sum of generation and TTC satisfies the definition of deliverable supply should hinge on whether or not the results of the methodology are reasonable. A reasonable basis, akin to a rational basis, is traditionally a relatively low threshold of scrutiny requiring some difference which bears a just and proper relation to the attempted classification.

Given the physical structure and operational ability of a zone (which in essence functions in the same way as a large hub), it seems reasonable and foreseeable that the measurement of deliverable supply for electric power contracts would include native generation and TTC available for consumption and delivery in and into NYISO Zone G. A methodology based on predicting increases and decreases in open interests to determine deliverable supply does not seem like a better method than using a measurement of only the supply of electricity that can be delivered at the contract's delivery point. Therefore, as part of the Commission's consideration of alternative deliverable supply estimates, EDFTNA would like to encourage the Commission to consider and accept ICE's proposed measurement of using generation and TTC to increase position limits for electric contracts within NYISO Zone G.

³ Position Limits for Derivatives and Swaps, 76 Fed. Reg. 223, 71633 (Nov. 18, 2011) (17 C.F.R. §§ 150-51)



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V. Conclusion

EDFTNA appreciates the opportunity to provide the Commission with the foregoing comments in connection with ICE's proposed position limits for NYISO Zone G. If you would like additional information or have any questions regarding this submission, please feel free to contact Mr. Paige Lockett, Manager of Regulatory Affairs for EDFTNA, at 281-921-9826.

Respectfully submitted,

EDF Trading North America, LLC

