



September 21, 2015

**VIA CFTC PORTAL**

Mr. Christopher J. Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

RE: ICE's Amendment to Position Limits for NYISO Zone G Futures Contracts  
(Submission No. 15-101)

Dear Mr. Kirkpatrick:

CME Group Inc. ("CME Group") appreciates the opportunity to comment on the Division of Market Oversight's ("DMO") stay<sup>1</sup> of ICE Futures U.S. Inc.'s ("ICE") Submission No. 15-101 certifying amendments (the "Amendments") to Resolution No. 2 of Chapter 18 of ICE's Rulebook.<sup>2</sup> The Amendments would revise ICE's position limits, single-month accountability levels and all-month accountability levels for eight financial power futures for New York Independent System Operator ("NYISO") Zone G based on ICE's updated calculation of deliverable supply in the cash market.

**Background**

In response to the Re-opening of the Comment Period related to Position Limits for Derivatives and Aggregation of Positions, CME Group previously submitted Preliminary Deliverable Supply Estimates and Finalized Deliverable Supply Estimates as well as underlying detailed analysis for Energy, Metals and Agricultural markets.<sup>3</sup> CME Group provided this information to the Commission to assist in the development of spot month position limit guidance and regulations for both physical delivery and cash settled contract markets. The proper calculation of updated Deliverable Supply is essential in ultimately determining appropriate spot month position limits.

---

<sup>1</sup> Notification of Stay from Vincent McGonagle, DMO Director to Jason Fusco, ICE Assistant General Counsel, dated May 26, 2015.

<sup>2</sup> ICE Futures U.S. Submission No. 15-101, dated May 11, 2015.

<sup>3</sup> See Letter from Kathleen Cronin, CME General Counsel to Christopher Kirkpatrick, Commodity Futures Trading Commission ("CFTC" or "Commission") Secretary, dated April 24, 2015.

### **Calculation of Deliverable Supply for NYISO Zone G**

CME Group ultimately achieves a very similar calculation of Deliverable Supply for NYISO Zone G as ICE; we deploy slightly different methods of calculation. We believe that our observations are not only relevant for NYISO Zone G but more broadly for other zones or hubs. CME Group's deliverable supply calculation of electricity reflects the ability of the system to provide power when and where it is demanded. Generally, delivery zones for power vary in terms of the levels of generation, demand, and pass through; therefore, the circumstances particular to each zone determine the approach and information that is most appropriate.

In calculating the Deliverable Supply for NYISO Zone G, two (2) primary calculations are relevant: Generation and Total Transfer Capacity (TTC). With regard to Generation, ICE relies upon nameplate capacity ("NPC"). Alternatively, CME Group deploys a measure of generation which is possibly more conservative, using the maximum historical generation for a three (3) year period. At some point over the past three years, the highest level of generation may have been reached within the zone in question, which very well may be close to the zone's NPC. This is the observation with regard to NYISO Zone G but may or may not be the case when analyzing other zones or hubs.

With regard to TTC, CME Group agrees with ICE that NYISO Zone G implicitly includes generation from other neighboring market locations. While it can be said that this potentially leads to including the same generation as part of two different deliverable supplies for two different market locations, we believe that, due to the construct and operation of the NYISO Zone G market, this is appropriate.

However, while this particular approach for determining deliverable supply may be appropriate with regard to NYISO Zone G, this approach may not always be applicable to other markets/hubs. Deliverable Supply and in particular TTC in power should be calculated on a case-by-case basis recognizing the unique characteristics of the individual market/hub. It is the responsibility of the designated contract market to evaluate deliverable supply accurately to reflect Commission guidance.

CME Group is still reviewing responses to the 17 questions posed in the request for comment. We may further supply responses to these at a later date.

Mr. Christopher Kirkpatrick  
September 21, 2015  
Page 3

CME Group thanks the Commission for the opportunity to further comment on ICE's Amendment to Position Limits for NYISO Zone G futures contracts. Should you have any comments or questions regarding this submission, please contact me by telephone at (212) 299-2897 or by e-mail at [Thomas.LaSala@cmegroup.com](mailto:Thomas.LaSala@cmegroup.com); or Bob Levin, Managing Director by telephone at (212) 299-2390 or by e-mail at [Robert.Levin@cmegroup.com](mailto:Robert.Levin@cmegroup.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Thomas LaSala", written over a light blue horizontal line.

Thomas LaSala  
Managing Director, Chief Regulatory Officer