

NYMEX Power Futures Monthly-to-Daily Conversion

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NYMEX POWER FUTURES MONTHLY-TO-DAILY CONVERSION

NYMEX now converts positions in fifty-eight (58) monthly power futures into strips of corresponding daily futures just prior to the start of the contract month.

After the conversion, a position can be lifted by trading a strip of daily contracts (or any combination of days), thus allowing a market participant to get flat within the original contract month.

NYMEX automatically converts the monthly futures and there are no additional fees.

Margin is released earlier to customers. As each daily contract is cash settled and payment is made, margin for that daily contract is released back to the customer. In contrast, margin for a monthly contract is held until final payment is made after the contract terminates, which is after the end of the contract month.

Conversion Schedule

Day-ahead monthly contracts expire at the close of business two (2) business days prior to the start of the contract month.

Real-time monthly contracts expire at the close of business one (1) business day prior to the start of the contract month.

By converting the monthly day-ahead and real-time power contracts into strips of daily futures in this manner, all of the resulting daily contracts within the original contract month are fully tradable.

Options Conversion

Real-time 5 MW monthly power options were not impacted by the amendments to accommodate the conversion from monthly futures to strips of daily contracts.

This is because the termination of trading in the real-time options is two (2) business days before the start of the contract month, which is one (1) business day earlier than the new termination of trading date for the underlying real-time futures contracts.

Several **day-ahead power options were amended to accommodate the conversion process. These day-ahead options were amended to exercise three (3) business days before the start of the month.** Previously, the options expired two (2) business days before the start of the month.

Absent any changes, the termination of trading in the day-ahead options and the associated day-ahead 5 MW futures would occur on the same day. Simultaneous expiration would prevent the options from exercising into the underlying futures and then subsequently converting into strips of daily contracts.

Monthly Power Futures that Convert into Strips of Associated Daily Contracts

CME Clearing Code	Old Contract Name	New Contract Name	New Contract Size (MWh)
AOM	Alberta Power Pool Calendar Month 1 MW Futures	AOD	Alberta Power Pool Calendar Day 1 MW Futures
APP	Alberta Power Pool Peak Calendar-Month Futures	ALP	Alberta Power Pool Peak Calendar-Day Futures
APF	Alberta Power Pool Off-Peak Calendar-Month Futures	ALF	Alberta Power Pool Off-Peak Calendar-Day Futures
AEF	Alberta Power Pool Extended Off-Peak Calendar-Month Futures	AFP	Alberta Power Pool Extended Off-Peak Calendar-Day Futures
1Y	CAISO NP15 EZ Gen Hub 5 MW Peak Calendar-Month Real-Time LMP Futures	2F	CAISO NP15 EZ Gen Hub 5 MW Peak Calendar-Day Real-Time LMP Futures
2D	CAISO NP15 EZ Gen Hub 5 MW Off-Peak Calendar-Month Real-Time LMP Futures	2J	CAISO NP15 EZ Gen Hub 5 MW Off-Peak Calendar-Day Real-Time LMP Futures
1Z	CAISO SP15 EZ Gen Hub 5 MW Peak Calendar-Month Real-Time LMP Futures	2H	CAISO SP15 EZ Gen Hub 5 MW Peak Calendar-Day Real-Time LMP Futures
2E	CAISO SP15 EZ Gen Hub 5 MW Off-Peak Calendar-Month Real-Time LMP Futures	2K	CAISO SP15 EZ Gen Hub 5 MW Off-Peak Calendar-Day Real-Time LMP Futures
4X	CAISO NP15 EZ Gen Hub 5 MW Peak Calendar-Month Day-Ahead LMP Futures	3Z	CAISO NP15 EZ Gen Hub 5 MW Peak Calendar-Day Day-Ahead LMP Futures
3X	CAISO NP15 EZ Gen Hub 5 MW Off-Peak Calendar-Month Day-Ahead LMP Futures	2Z	CAISO NP15 EZ Gen Hub 5 MW Off-Peak Calendar-Day Day-Ahead LMP Futures
9X	CAISO SP15 EZ Gen Hub 5 MW Peak Calendar-Month Day-Ahead LMP Futures	9Z	CAISO SP15 EZ Gen Hub 5 MW Peak Calendar-Day Day-Ahead LMP Futures
5X	CAISO SP15 EZ Gen Hub 5 MW Off-Peak Calendar-Month Day-Ahead LMP Futures	4Z	CAISO SP15 EZ Gen Hub 5 MW Off-Peak Calendar-Day Day-Ahead LMP Futures
I1	ERCOT Houston 345 kV Hub 5 MW Peak Futures	I3	ERCOT Houston 345 kV Hub 5 MW Peak Calendar-Day Futures
I2	ERCOT Houston 345 kV Hub 5 MW Off-Peak Futures	I4	ERCOT Houston 345 kV Hub 5 MW Off-Peak Calendar-Day Futures
EHE	ERCOT Houston 345 kV Hub Day-Ahead 5 MW Peak Futures	EHF	ERCOT Houston 345 kV Hub Day-Ahead 5 MW Peak Calendar-Day Futures
EHP	ERCOT Houston 345 kV Hub Day-Ahead 5 MW Off-Peak Futures	EHW	ERCOT Houston 345 kV Hub Day-Ahead 5 MW Off-Peak Calendar-Day Futures
I5	ERCOT North 345 kV Hub 5 MW Peak Futures	I7	ERCOT North 345 kV Hub 5 MW Peak Calendar-Day Futures
I6	ERCOT North 345 kV Hub 5 MW Off-Peak Futures	I8	ERCOT North 345 kV Hub 5 MW Off-Peak Calendar-Day Futures
ERE	ERCOT North 345 kV Hub Day-Ahead 5 MW Peak Futures	ERW	ERCOT North 345 kV Hub Day-Ahead 5 MW Peak Calendar-Day Futures
ERU	ERCOT North 345 kV Hub Day-Ahead 5 MW Off-Peak Swap Futures	ERP	ERCOT North 345 kV Hub Day-Ahead 5 MW Off-Peak Calendar-Day Futures
I9	ERCOT South 345 kV Hub 5 MW Peak Futures	K1	ERCOT South 345 kV Hub 5 MW Peak Calendar-Day Futures
J1	ERCOT South 345 kV Hub 5 MW Off-Peak Futures	M1	ERCOT South 345 kV Hub 5 MW Off-Peak Calendar-Day Futures
EUE	ERCOT South 345 kV Hub Day-Ahead 5 MW Peak Futures	EUW	ERCOT South 345 kV Hub Day-Ahead 5 MW Peak Calendar-Day Futures
ERA	ERCOT South 345 kV Hub Day-Ahead 5 MW Off-Peak Futures	EUP	ERCOT South 345 kV Hub Day-Ahead 5 MW Off-Peak Calendar-Day Futures
N1	ERCOT West 345 kV Hub 5 MW Peak Futures	R1	ERCOT West 345 kV Hub 5 MW Peak Calendar-Day Futures
O1	ERCOT West 345 kV Hub 5 MW Off-Peak Futures	R4	ERCOT West 345 kV Hub 5 MW Off-Peak Calendar-Day Futures
EWE	ERCOT West 345 kV Hub Day-Ahead 5 MW Peak Futures	EWV	ERCOT West 345 kV Hub Day-Ahead 5 MW Peak Calendar-Day Futures
EWK	ERCOT West 345 kV Hub Day-Ahead 5 MW Off-Peak Futures	EWV	ERCOT West 345 kV Hub Day-Ahead 5 MW Off-Peak Calendar-Day Futures
U6	ISO New England Mass Hub 5 MW Peak Calendar-Month Day-Ahead LMP Futures	CE	ISO New England Mass Hub Day-Ahead Peak Calendar-Day 5 MW Futures
H2	ISO New England Mass Hub Day-Ahead Off-Peak Calendar-Month 5 MW	IDO	ISO New England Mass Hub Day-Ahead Off-Peak Calendar-Day 5 MW Futures
MDC	Mid-Columbia Day-Ahead Peak Calendar-Month 5 MW Futures	MDA	Mid-Columbia Day-Ahead Peak Calendar-Day 5 MW Futures
OMC	Mid-Columbia Day-Ahead Off-Peak Calendar-Month 5 MW Futures	MXO	Mid-Columbia Day-Ahead Off-Peak Calendar-Day 5 MW Futures
H3	MISO Indiana Hub (formerly Cinergy Hub) 5 MW Peak Calendar-Month Real-Time Futures	PTD	MISO Indiana Hub Real-Time Peak Calendar-Day 5 MW Futures

Monthly Power Futures that Convert into Strips of Associated Daily Contracts *(continued)*

CME Clearing Code	Old Contract Name	New Contract Name	New Contract Size (MWh)
H4	MISO Indiana Hub (formerly Cinergy Hub) Real-Time Off-Peak Calendar-Month 5 MW Futures	FTD	MISO Indiana Hub Real-Time Off-Peak Calendar-Day 5 MW Futures
H5	MISO Indiana Hub (formerly Cinergy Hub) Day-Ahead Peak Calendar-Month 5 MW Futures	PDD	MISO Indiana Hub Day-Ahead Peak Calendar-Day 5 MW Futures
K2	MISO Indiana Hub (formerly Cinergy Hub) Day-Ahead Off-Peak Calendar-Month 5 MW Futures	FAD	MISO Indiana Hub Day-Ahead Off-Peak Calendar-Day 5 MW Futures
K3	NYISO Zone A Day-Ahead Peak Calendar-Month 5 MW Futures	AN	NYISO Zone A Day-Ahead Peak Calendar-Day 5 MW Futures
K4	NYISO Zone A Day-Ahead Off-Peak Calendar-Month 5 MW Futures	ZAO	NYISO Zone A Day-Ahead Off-Peak Calendar-Day 5 MW Futures
T3	NYISO Zone G Day-Ahead Peak Calendar-Month 5 MW Futures	GN	NYISO Zone G Day-Ahead Peak Calendar-Day 5 MW Futures
D2	NYISO Zone G Day-Ahead Off-Peak Calendar-Month 5 MW Futures	ZGO	NYISO Zone G Day-Ahead Off-Peak Calendar-Day 5 MW Futures
D3	NYISO Zone J Day-Ahead Peak Calendar-Month 5 MW Futures	JN	NYISO Zone J Day-Ahead Peak Calendar-Day 5 MW Futures
D4	NYISO Zone J Day-Ahead Off-Peak Calendar-Month 5 MW Futures	ZJO	NYISO Zone J Day-Ahead Off-Peak Calendar-Day 5 MW Futures
OPM	Ontario Peak Calendar-Month Futures	OPD	Ontario Peak Calendar-Day Futures
OFM	Ontario Off-Peak Calendar-Month Futures	OFD	Ontario Off-Peak Calendar-Day Futures
PVD	Palo Verde Day-Ahead Peak Calendar-Month 5 MW Futures	VDP	Palo Verde Day-Ahead Peak Calendar-Day 5 MW Futures
OVD	Palo Verde Day-Ahead Off-Peak Calendar-Month 5 MW Futures	QVD	Palo Verde Day-Ahead Off-Peak Calendar-Day 5 MW Futures
Z9	PJM AEP Dayton Hub 5MW Peak Calendar-Month Real-Time LMP Futures	VD	PJM AEP-Dayton Hub Real-Time Peak Calendar-Day 5 MW Futures
D7	PJM AEP Dayton Hub Day-Ahead LMP Peak Calendar-Month 5 MW Futures	PAP	PJM AEP Dayton Hub Day-Ahead Peak Calendar-Day 5 MW Futures
V3	PJM AEP Dayton Hub Real-Time Off-Peak Calendar-Month 5 MW Futures	AOR	PJM AEP Dayton Hub Real-Time Off-Peak Calendar-Day 5 MW Futures
R7	PJM AEP Dayton Hub Day-Ahead Off Peak Calendar-Month 5 MW Futures	PEO	PJM AEP Dayton Hub Day-Ahead Off-Peak Calendar-Day 5 MW Futures
B3	PJM Northern Illinois Hub 5 MW Peak Calendar-Month Real-Time LMP Futures	UD	PJM Northern Illinois Hub Real-Time Peak Calendar-Day 5 MW Futures
B6	PJM Northern Illinois Hub Real-Time Off-Peak Calendar-Month 5 MW Futures	NOC	PJM Northern Illinois Hub Real-Time Off-Peak Calendar-Day 5 MW Futures
N3	PJM Northern Illinois Hub Day-Ahead LMP Peak Calendar- Month 5 MW Futures	PNP	PJM Northern Illinois Hub Day-Ahead Peak Calendar-Day 5 MW Futures
L3	PJM Northern Illinois Hub Day-Ahead Off-Peak Calendar-Month 5 MW Futures	PNO	PJM Northern Illinois Hub Day-Ahead Off-Peak Calendar-Day 5 MW Futures
E4	PJM Western Hub Day-Ahead Off Peak Calendar-Month 5 MW Futures	PWO	PJM Western Hub Day-Ahead Off-Peak Calendar-Day 5 MW Futures
L1	PJM Western Hub Peak Calendar-Month Real-Time LMP Futures	JD	PJM Western Hub Real-Time Peak Calendar-Day 5 MW Futures
N9	PJM Western Hub Real-Time Off Peak Calendar-Month 5 MW Futures	WOR	PJM Western Hub Real-Time Off-Peak Calendar-Day 5 MW Futures
J4	PJM Western Hub Day-Ahead Peak Calendar-Month 5 MW Futures	PWP	PJM Western Hub Day-Ahead Peak Calendar-Day 5 MW Futures

Day-Ahead Options Affected by the Conversion of Monthly Futures

Clearing Code	Option Contract Title	Original Termination of Trading Rule	New Termination of Trading Rule
CSZ	CAISO SP15 EZ Gen Hub 5 MW Peak Calendar-Month Day-Ahead LMP Option		
INE	ISO New England Day-Ahead Peak Calendar-Month 5 MW Option		
9T	NYISO Zone A 5 MW Peak Calendar-Month Day-Ahead LBMP Option	Two (2) business days before the start of the contract month	Three (3) business days before the start of the contract month
9U	NYISO Zone G 5 MW Peak Calendar-Month Day-Ahead LBMP Option		
9V	NYISO Zone J 5 MW Peak Calendar-Month Day-Ahead LBMP Option		

Conversion Examples

In order to illustrate the conversion process, peak and off-peak contracts will be explained. The sizes of the affected peak-hour monthly futures contracts and the associated peak-hour daily futures contracts are both 80 MWh. Peak monthly contracts are traded in multiples of the number of peak days in the contract month. If one trades the NYISO Zone A Day-Ahead Peak Calendar-Month 5 MW Futures (K3) contract in a twenty-one (21) peak-day month, the trader will hold twenty-one (21) NYISO Zone A Day-Ahead Peak Calendar-Month 5 MW Futures (K3) contracts for that month. After the conversion, the trader will hold one (1) NYISO Zone A Day-Ahead Peak Calendar-Day 5 MW Futures (AN) contract for each peak day in the originally specified calendar month, totaling twenty-one (21) NYISO Zone A Day-Ahead Peak Calendar-Day 5 MW Futures (AN) contracts.

The sizes of the affected off-peak monthly futures contracts and the associated off-peak daily futures contracts are both 5 MWh. Off-peak monthly contracts are traded in multiples of the number of off-peak hours in the contract month; off-peak daily contracts are traded in multiples of the number of off-peak hours in the contract day. If one trades the NYISO Zone A Day-Ahead Off-Peak Calendar-Month 5 MW Futures (K4) contract in a 28-day month with 352 off-peak hours and no transition in or out of Daylight Savings Time, a trader will hold 352 NYISO Zone A Day-Ahead Off-Peak Calendar-Month 5 MW Futures (K4) contracts for that month. After the conversion, a trader will hold eight (8) NYISO Zone A Day-Ahead Off-Peak Calendar-Day 5 MW Futures (ZAO) contracts per weekday in the calendar month and twenty-four (24) NYISO Zone A Day-Ahead Off-Peak Calendar-Day 5 MW Futures (ZAO) contracts per weekend day and North

American Electric Reliability Corporation (NERC) holiday in the originally specified calendar month. The total number of NYISO Zone A Day-Ahead Off-Peak Calendar-Day 5 MW Futures (ZAO) contracts will equal the total number of off-peak hours (i.e., 352 hours) in the specified calendar month.

As a result of the changes, the fifty-eight (58) monthly contracts will not have final settlement prices. At the expiration of a given monthly contract, the daily settlement price on the last trading day will be cascaded to all of the related daily futures contracts within the originally specified calendar month. After the conversion occurs, each daily contract will be individually settled on a daily basis. The final settlement price of each daily contracts will continue to be calculated as the arithmetic average of the applicable hourly electricity prices during the contract day for the specified location, which are reported by the independent system operator (ISO) or regional transmission organization (RTO).

Because the monthly power contracts no longer trade into the contract month, the position limits, accountability levels, and aggregation of positions were adjusted, as necessary. In some cases, the daily contracts are the parent futures contracts. In other cases, the daily contracts continue to aggregate into a different monthly futures contract that will not be converted into a strip of daily futures.

Because the conversion process is initiated by the Exchange and not by customers, traders are not charged a fee when switching from monthly futures to daily futures. Moreover, since the fees for trading the monthly are the same as those for trading the daily contracts, traders are not negatively impacted by the amendments.

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