



Federal Energy Regulatory Commission
July 18, 2019
Open Commission Meeting
Staff Presentation
Items E-1 & E-2

Good morning Mr. Chairman and Commissioners,

E-1 is a draft final rule in the Data Collection for Analytics and Surveillance and Market-Based Rate Purposes proceeding, which was initiated in a Notice of Proposed Rulemaking (or NOPR) in 2016.

In the NOPR, the Commission set out three main proposals. First, the Commission proposed changes to the information that is submitted by sellers in the electric market-based rate program. Next, the Commission proposed to initiate the collection of a new class of information, Connected Entity Information, from entities that trade virtual products or that sell financial transmission rights within an RTO or ISO, as well as from all sellers in the market-based rate program. And lastly, the Commission proposed to establish a relational database to modernize and streamline the collection of certain information submitted into the market-based rate program as well as to store the new Connected Entity information.

The draft final rule adopts the proposed changes to the market-based rate program as well as the proposal to create the relational database. However, in response to concerns raised about the difficulties and burdens imposed by this aspect of the NOPR, the draft final rule declines to adopt the Connected Entity proposals. Instead, the draft final rule moves these proposals and related comments into a newly established AD docket, AD19-17-000 should the Commission wish to consider this issue again in the future.

In regard to the market-based rate program, the draft final rule adopts the NOPR proposals to reduce the amount of ownership information that sellers are required to provide and to require sellers to provide information on their long-term firm sales. This information, along with information on the sellers' assets, the sellers' indicative screens, as well as certain other market-based rate information will be submitted in XML format into the newly formed database.

Further, in response to comments, the draft final rule makes other changes to the market-based rate program aimed at reducing burden to market-based rate sellers. For example, the draft final rule revises section 35.42 of the Commission's regulations such that sellers will no longer be required to file notices of change in status on a rolling 30-day deadline, but instead will make these submissions on a quarterly basis.

The draft final rule will reduce burden on industry after initial data population and is a continuation of efforts to modernize the market-based rate program. In response to comments, the draft final rule will extend the implementation timelines from the NOPR proposals. Specifically, the effective date for this draft final rule is October 1, 2020, and the baseline submissions will be due by February 1, 2021. The draft final rule anticipates that the database will be ready for testing in January 2020. More information on the timelines can be found in the draft final rule and will soon be provided on the Commission's website.

Staff will also provide on the website, the XML, XSD, as well as a new version of the data dictionary. However, as noted in the draft final rule, because the database is still being built, these documents are subject to minor changes and any such changes will be posted on the Commission's website and reporting entities will be notified via email. Staff is also preparing a User's Guide, which will be posted on the Commission's website before the effective date of the final rule.

Thank you Mister Chairman and Commissioners. I will now turn to my colleagues who will discuss item E-2.

E-2 is a draft final rule adopting changes to the market-based rate program as proposed in the Refinements to Horizontal Market Power Analysis for Sellers in Certain Regional Transmission Organization and Independent System Operator Markets NOPR.

The draft final rule adopts the NOPR proposal to eliminate the requirement that sellers submit horizontal market power indicative screens for markets with RTO or ISO-administered energy, capacity, and ancillary services markets subject to Commission-approved monitoring and mitigation. Specifically at this time, this would

apply to sellers that would otherwise study PJM, MISO, NYISO, and ISO-NE and any submarkets therein.

However, under the draft final rule, sellers that study RTO/ISO markets that do not administer capacity markets with Commission-approved monitoring and mitigation, currently that is SPP and CAISO, would be required to submit indicative screens if they wish to sell capacity at market-based rates. For such sellers, the draft final rule adopts the NOPR proposal to remove the requirement to submit indicative screens as long as the seller's market-based rate authority in that market is limited to sales of energy and ancillary services.

Under the draft final rule, this relief would begin with those market-based rate sellers that are scheduled to file triennials for the Northeast region in December 2019 and June 2020. In the most recent triennial round for this region, the Commission received approximately 97 filings, which included 263 indicative screens.

Over the last three years, market-based rate sellers filed approximately 593 indicative screens with their triennials. If the Commission issues the draft final rule, market-based rate sellers would be relieved of submitting over half of these 593 indicative screens.

In addition to the reduction of indicative screens submitted in triennial filings, market-based rate sellers would also be relieved of submitting indicative screens in initial applications and change in status filings in these RTO/ISO markets.

With the adoption of the revised regulations proposed in E-1 and E-2, the market-based rate program will continue to streamline its processes, as well as reduce regulatory burden for the industry.

This concludes the team's presentation on E-2. We are happy to answer any questions on either E-1 or E-2. Thank you.