



Federal Energy Regulatory Commission

July 21, 2016

Open Commission Meeting

Staff Presentation

Item E-7

"Good morning, Chairman and Commissioners. E-7 proposes to revise the Commission's regulations to collect certain data for analytics and surveillance purposes from market-based rate (MBR) sellers and entities trading virtual products or holding financial transmission rights and to change certain aspects of the substance and format of information submitted for MBR purposes. The Commission proposes these changes in large part in response to comments received on the Collection of Connected Entity Data from Regional Transmission Organizations and Independent System Operators Notice of Proposed Rulemaking issued in Docket No. RM15-23-000 (Connected Entity NOPR). This new proposal is also intended to combine and streamline the collection of MBR and Connected Entity Information, which the Commission needs to ensure just and reasonable rates, into one relational database. This proposal would eliminate duplication, minimize compliance burdens, modernize the Commission's data collections, and render the information collected usable and accessible for the Commission and its staff. In furtherance of this effort, in items E-13 and E-14 to be issued concurrently with E-7, the Commission withdraws the Connected Entity NOPR issued in Docket Nos. RM15-23 and the Ownership NOPR issued in Docket No. RM16-3.

"The revisions proposed include new requirements for those entities to report certain information about their legal and financial connections to other entities to assist the Commission in its analytic and surveillance efforts. The Commission previously proposed to require certain market participants in the Commission-jurisdictional organized wholesale electric markets to file similar information about their financial and legal connections in the Connected Entity NOPR. However, as described herein, this proposal presents substantial revisions from what the Commission proposed in the Connected Entity NOPR, including, among other things: (i) a different set of filers; (ii) a reworked and substantially narrowed definition of Connected Entity; and (iii) a different submission process.

"Specifically, the draft NOPR proposes to align the definition of a connected entity to existing MBR affiliate definitions and eliminate references to non-voting stock and limited partnership shares to address passive ownership concerns. This revised definition limits upstream and downstream ownership and common control relationship reporting to only those entities engaged in Commission-jurisdictional markets and those that buy or sell financial energy derivatives. The draft NOPR also does not require the reporting of debt instruments or structured transactions and clarifies the definition of a trader and proposes that entities only report information about traders employed by the company. The draft NOPR also provides additional clarification on the types of contracts that must be reported, and seeks comment on an alternate method of collecting contract information through Electric Quarterly Report filings. Finally, the draft proposes that entities report changes in connections within 30 days.

"With respect to the MBR program, the proposals include: (i) adopting certain changes to reduce and clarify the scope of ownership information that MBR sellers must provide; (ii) revising the information required to be reported for purposes of the asset appendix; and (iii) withdrawing the requirement that MBR sellers provide organizational charts adopted on Order No. 816.

"Regarding MBR ownership information, the draft NOPR proposes the same streamlining changes included in the December 2015 NOPR on Ownership Information in MBR Filings issued in Docket No. RM16-3-000. Thus, the draft NOPR proposes to revise the requirements of Order No. 697-A such that MBR sellers would only be required to provide information on certain "affiliate owners" (that is, owners that meet the definition of an affiliate in the Commission's regulations). We propose that MBR sellers need to identify only those affiliate owners that either: (i) are an "ultimate affiliate owner," defined as the furthest upstream affiliate owner(s) in the ownership chain; or (ii) have a franchised service area or MBR authority, or directly own or control generation; transmission; intrastate natural gas transportation, storage or distribution facilities; physical coal supply sources or ownership of or control

over who may access transportation of coal supplies.

“With respect to asset appendices, MBR sellers currently submit asset appendix information about certain long-term firm purchases and assets that they and all of their affiliates own or control. The draft NOPR proposes to revise this requirement such that each MBR seller would report in the asset appendix only its assets and those of any affiliate without MBR authority. It also proposes to collect some new information not currently reported in asset appendices, including certain generation unit-specific information and information about long-term sales. The draft NOPR does not propose to change the Commission’s market-power analysis established in Order No. 697 and subsequent orders.

“The draft NOPR proposes to collect both Connected Entity and certain MBR information using an extensible markup language (XML) schema submitted to a Commission-administered relational database. Entities submitting this information will assemble an XML package that includes the information required to be in the XML schema as well as any necessary attachments, including, if relevant: a transmittal letter, indicative screen workpapers, or MBR tariffs. A data dictionary, a draft of which is attached to the draft NOPR, will define the framework for submitting MBR and Connected Entity Information to the relational database. The draft NOPR also notes that a notice of a Technical Workshop, at which staff will work through issues related to the data dictionary with industry, will be issued contemporaneously with the NOPR. We anticipate that the data dictionary, the XML schema definition with appropriate validations, and a temporary test environment will be available on the Commission website upon issuance of a final rule.

“This concludes our presentation. Staff would be happy to answer any questions you may have.”