

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Availability of E-Tag Information) Docket Nos. RM11-12-000
To Commission Staff)**

**JOINT COMMENTS OF PJM INTERCONNECTION, L.L.C.
AND SOUTHWEST POWER POOL, INC.**

PJM Interconnection, L.L.C. (“PJM”) and Southwest Power Pool, Inc. (“Joint Commenters”) respectfully submit the following comments in response to the Federal Energy Regulatory Commission’s (“Commission”) April 21, 2011 Notice of Proposed Rulemaking regarding Availability of E-Tag Information to Commission Staff.¹

I. SUMMARY

Joint Commenters support the Commission’s proposal to require an Electric Reliability Organization (“ERO”) to make available to Commission staff on an ongoing, non-public basis, the complete electronic tags (“e-Tags”) used to schedule interchange transactions for the transmission of electric power across the boundaries of one or more Balancing Authority Areas in wholesale markets. Allowing such access enhances the transparency of wholesale energy market transactions and the reliability of the bulk power system. Joint Commenters also believe that the specific proposed rule in this docket has the anomalous impact, presumably unintended, of providing a greater degree of ready access to this important information to the Commission Staff than to the system operators who could utilize this data to enhance system operations and market

¹ *Availability of E-Tag Information to Commission Staff*, Notice of Proposed Rulemaking, XX FERC Stats. & Regs., Proposed Regs. ¶ xx,xxx, 135 FERC ¶ 61,052 (2011) (“NOPR”).

efficiency. As a result, Joint Commenters propose that access to complete e-Tags should be provided not only to the Commission Staff and market monitoring units (“MMUs”), but also to Reliability Coordinators, some of which are also Regional Transmission Organizations (“RTOs”) and Independent System Operators (“ISOs”),² who are responsible for the reliable operation of the bulk power system and operate the wholesale energy markets. Joint Commenters’ comments urge the Commission to reflect in its final rule in this matter (“Final Rule”) a requirement that EROs make e-Tags available not only to the Commission, but also to Reliability Coordinators, RTOs, ISOs and MMUs, on a non-public basis so as to ensure complete but also contained dissemination of this important market information.

II. COMMENTS

A. Providing e-Tag Data directly to the Commission Enhances Transparency and Reliability.

In the NOPR, the Commission indicated that “obtaining access to complete e-Tag data will help the Commission to detect anti-competitive or manipulative behavior or ineffective market rules, monitor the efficiency of the markets, and better inform Commission policies and decision-making.”³ To support this position the Commission stated that having access to e-Tag data, in coordination with other available information, will allow it “to better identify interchange schedules that appear anomalous or

² The following 16 entities, 8 of which are RTOs or ISOs are registered with NERC to serve as Reliability Coordinators: Electric Reliability Council of Texas, ISO New England, Inc., Midwest Independent Transmission System Operator, Inc. (“MISO”), New York Independent System Operator, Inc. (“NYISO”), PJM, Southwest Power Pool, Inc., New Brunswick System Operator (“NBSO”), the Independent Electricity System Operator of Ontario, Inc. (“IESO”), Florida Power & Light, Hydro Quebec, TransEnergie, Independent Coordinator Transmission – Entergy, SaskPower, Southern Company Services, Inc., Tennessee Valley Authority, VACAR – South and WECC Reliability Coordinator. See List of Reliability Coordinators on NERC’s Web site at <http://www.nerc.com/page.php?cid=5%7C67%7C206>.

³ NOPR at P 15.

inconsistent with rational economic behavior” as well as “allow the Commission’s staff to examine more effectively situations where interchange schedules are absent even when transmission capacity is available and pricing differences between the two locations ought to be sufficient to encourage transactions between those locations” because “[s]uch a circumstance could signal a market issue or other problem.”⁴ In addition, the Commission opined that “access to e-Tags would help facilitate Commission audits or investigations in cases where e-Tags are relevant.”⁵ The Commission has already determined that “the e-Tag system has generally improved the reliability and efficiency of the transmission system and facilitates the access of system transmission operators to critical information that can be used to analyze ‘the way in which a particular transaction may impact transmission system stability.’”⁶

Joint Commenters support the Commission’s proposed rule change and proposal to require the ERO to make available to Commission staff on an ongoing, non-public basis the complete e-Tags used to schedule the transmission of electric power in wholesale markets.⁷ The Commission should have access to all information about wholesale energy market transactions that is or may be relevant in discharging its responsibilities under the Federal Power Act and which supports transparency in

⁴ *Id.* and n. 19 (“For instance, in Docket No. RM10-12-000, the Commission is issuing a NOPR concurrently with this NOPR, whereby the Commission proposes that e-Tag IDs be included in the transaction details reported in Electric Quarterly Reports.”)

⁵ *Id.* at P 15.

⁶ *Id.* at P 14, citing *Open Access Same-Time Information Systems and Standards of Conduct*, 90 FERC ¶ 61,070, at 61,262 (2000) (Order Denying Cease and Desist Order).

⁷ Joint Commenters understand that NERC, as the certified North American Electric Reliability Organization, is considering discontinuing its practice of providing reliability based tools (i.e., IDC, SDX, RCIS, etc.) as well as e-Tag services. The Commission needs to consider how to structure its Final Rule so that the obligation to provide e-Tags remains regardless of which entity administers the e-Tag system. This obligation should not include the entity that administers the reliability based tools in the future.

wholesale energy market transactions.⁸ As it is clear that the Commission should have access to e-Tag data, the method of access should be both efficient and effective. Requiring the Commission to develop and maintain a new system to capture and access the same e-Tag data that market participants are already providing to North American Electric Reliability Corporation (“NERC”) would be costly, a waste of resources and an inefficient solution to the problem of the Commission’s lack of access to the data.

Notwithstanding the foregoing, limiting the provision of the complete e-Tag data to the Commission staff, as the rule inadvertently and effectively does, ignores its value to those entities responsible for real-time operations of the grid and the administration of wholesale energy markets. Currently, RTOs and ISOs receive limited e-Tag information only for those interchange transactions into, out of, or through their operating footprints. Limiting e-Tag data solely to Commission Staff puts the Staff in the anomalous position of having information important to, but not available to, those entities that are directly responsible for the real time operation of the system. If the Commission limits this rulemaking to addressing the receipt of this information only by Commission staff (with only the suggestion of further consideration of providing it to MMUs and no mention of its importance to RTOs, ISOs or Reliability Coordinators), the Commission will be passing up the opportunity to provide valuable information that could assist RTOs, ISOs and other Reliability Coordinators in enhancing reliability and effective pricing and market operations. In the Joint Commenters’ view, the discussion of which entities to allow access to complete e-Tag data should be undertaken concurrently with the

⁸ Federal Power Act, Sections 201, 205, 206 and 215, 16 USC 824, 824d, 824e, 824o.

discussion of giving access to Commission Staff to avoid the anomalies outlined above. *In short, the very rationale the Commission cites for Commission Staff obtaining this information is equally, if not more compelling, as applied to the importance of Reliability Coordinators, RTOs and ISOs receiving this information given their real-time operational responsibilities.*

The specific mission of ISOs and RTOs is to ensure system reliability to administer efficient markets. In addition, the Commission relies on MMUs, RTOs and ISOs to identify suspect market behavior and activity and refer it to the Commission's Office of Enforcement.⁹ Effectively limiting the provision of the complete e-Tag data to the Commission staff inadvertently ignores the value of this information to MMUs, RTOs and ISOs who are responsible for monitoring market activity and the behavior of market participants in wholesale energy markets. Allowing MMUs, ISOs, RTOs and Reliability Coordinators direct access to complete e-Tags would provide multiple benefits to the maintenance of functioning markets and the reliability of the transmission grid that wouldn't otherwise be achieved by giving such information only to Commission staff. First, it would provide them with improved information to be able to visualize and analyze the remote sources of the energy flows that may impact the area of the interconnected system which they have direct responsibility to maintain reliably. ISOs, RTOs and Reliability Coordinators could use this information to better predict and react to situations when system conditions result in transmission limitations impacted by flows to and from areas of the interconnection outside of their Control Areas. Currently, an ISO, RTO or Reliability Coordinator has limited specific knowledge of the sources of

⁹ 18 C.F.R. § 35.28(3)(iv)(A).

flows on its system that are induced by the operations of and trades outside of its transmission systems. By virtue of ISOs, RTOs and Reliability Coordinators being able to make real-time system operating decisions, these operating entities have the potential to more quickly optimize system operations and wholesale markets if they have access to the complete set of e-Tag data.

Enhancing the visibility of these system operators strengthens their “wide-area” view. The current limitations on the ability of RTOs, ISOs and Reliability Coordinators to analyze and address the “big picture” is precisely the type of problem that the Commission identified in its analysis of the April 14, 2003 electricity blackout that affected eight northeastern and midwestern states and two Canadian provinces.¹⁰ Taking this finding into consideration, it follows that the Commission should determine in the Final Rule that Reliability Coordinators, including ISOs and RTOs, should be provided access to complete e-Tag information.

B. The Final Rule Should Allow e-Tag Data to be Provided Directly to MMUs.

In the NOPR, the Commission sought comment on whether e-Tag data should be made available to MMUs, and if so, whether the data should be provided on a real-time basis, and “whether making the data available to MMUs would raise confidentiality

¹⁰ U.S. – Canada Power System Outage Task Force, *Final Report on the August 14, 2003 Blackout in the United States and Canada: Causes and Recommendations* (April 2004), a copy of which may be found at <http://www.ferc.gov/industries/electric/indus-act/reliability/blackout.asp#skipnav>. Joint Commenters recognize that the confidentiality of this information would need to be maintained however, existing rules ensure that this information can be kept confidential by RTOs/ISOs and other Reliability Coordinators, all of whom are subject to FERC confidentiality rules.

issues or require specific confidentiality provisions” such as signing “a confidentiality agreement in order to access the information.”¹¹

The core functions of MMUs are delineated in Commission’s regulations. One such function is to “[i]dentify and notify the Commission’s Office of Enforcement staff of instances in which a market participant’s or the Commission-approved independent system operator’s or regional transmission organization’s behavior may require investigation, including, but not limited to, suspected Market Violations.”¹² More specifically, the regulations require that MMUs confidentially refer suspected Market Violations to the Commission and that:

While the Market Monitoring Unit need not be able to prove that a Market Violation has occurred, the Market Monitoring Unit is to provide sufficient credible information to warrant further investigation by the Commission.

Once the Market Monitoring Unit has obtained sufficient credible information to warrant referral to the Commission, the Market Monitoring Unit is to immediately refer the matter to the Commission and desist from independent action related to the alleged Market Violation.¹³

Accordingly, the Commission not only relies on MMUs to bring to its attention suspected market abuses and anti-competitive behavior, but also to provide sufficient credible information with any such referral to enable the Commission to investigate the matter.

Presently, an MMU only has access to the e-Tags relating to transactions occurring in the wholesale energy markets of the RTOs and ISOs that they monitor. However, external market transactions occurring outside of the markets of an RTO or

¹¹ NOPR at P 18.

¹² 18 C.F.R. § 35.28(3)(ii)(C).

¹³ 18 C.F.R. § 35.28(3)(iv)(A).

ISO can and do have impacts on the RTO/ISO, its compliance obligations and its markets. In order to investigate the cause of certain potential market manipulative activities involving external transactions, currently an MMU must obtain subscriptions from the third party vendors that operate the database in which the e-Tag data is stored. The MMU must then request permission to obtain e-Tag information from each entity whose transactions have had an impact on the markets they have the responsibility for monitoring. This has proven to be an expensive, time consuming and inefficient process.

In the Joint Commenters' view, providing access to complete e-Tags to MMUs that is similar to the access proposed by the Commission for itself will allow them to better perform one of their core responsibilities, i.e. identifying and notifying the Commission's Office of Enforcement staff of instances in which a market participant's behavior may require investigation. The Commission's reliance on MMUs to identify suspect market behavior and activity and refer it to the Commission's Office of Enforcement is weakened if the MMUs don't have access to complete e-Tags. Therefore, in order for an MMU to most efficiently and effectively satisfy its responsibility to investigate Market Violations it should have near real-time access to complete e-Tags. By the same token, as noted above, just providing this information to the MMUs and the Commission Staff would lead to anomalous results whereby the system operator with real time operational responsibilities would have less access than the entity whose authority is limited, per FERC Order No. 719, to referring matters to the Commission's Office of Enforcement. A more effective enforcement construct would also allow for the system operator – ISOs, RTOs and Reliability Coordinators – to have

access to this information, which access would have benefits to reliability and efficiency of wholesale markets.

C. Provision of E-Tag Data to RTOs, ISOs and Reliability Coordinators Is Consistent With Congress' and the Commission's Past Directives.

The Energy Policy Act of 2005 incorporated Section 215 into the Federal Power Act, which provision requires the Commission to certify an ERO to develop mandatory Reliability Standards for the Commission's review and approval.¹⁴ The Commission implemented Section 215 of the Federal Power Act in Order No. 672.¹⁵ It thereafter certified NERC as the ERO¹⁶ and delegated to NERC the responsibility to establish Reliability Standards that must be adhered to in the operation of the bulk power system.¹⁷ In the Notice of Proposed Rulemaking, *Mandatory Reliability Standards for the Bulk-Power System*, 117 FERC ¶61,084 (2006),¹⁸ in discussing several proposed Reliability Standards, the Commission stated that "a reliability coordinator must monitor the parameters of the system that may have a significant impact upon its area and neighboring reliability coordinator areas."¹⁹ (emphasis added) Further, in Order No. 693, the Final Rule in *Mandatory Reliability Standards for the Bulk-Power System*, 118 FERC ¶61,218 (2007), the Commission reiterated that "it is the reliability coordinator's

¹⁴ Energy Policy Act of 2005, Pub. L. No 109-58, Title XII, Subtitle A, 119 Stat. 594, 941 (2005), codified at 16 U.S.C. 824o.

¹⁵ *Rules Concerning Certification of the Electric Reliability Organization; Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards*, Order No. 672, 71 FR 8662 (February 17, 2006), FERC Stats. & Regs. ¶ 31,204 (2006), *order on reh'g*, Order No. 672-A, 71 FR 19814 (April 18, 2006), FERC Stats. & Regs. ¶ 31,212 (2006).

¹⁶ *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh'g & compliance*, 117 FERC ¶ 61,126 (2006), *order on compliance*, 118 FERC ¶ 61,030 (2007).

¹⁷ See Federal Power Act, Section 215, 16 USC § 824o(a)(2).

¹⁸ *Mandatory Reliability Standards for the Bulk-Power System*, 117 FERC ¶61,084 (2006) ("Reliability Standards NOPR").

¹⁹ Reliability Standards NOPR at P 531.

responsibility to ensure Reliable Operation of its reliability coordinator area. The reliability coordinator must also ensure that actions taken by operating entities under its authority will not have wide-area impacts that would adversely impact Reliable Operation of the Bulk-Power System.²⁰ (emphasis added)

The Commission approved the “Functional Model” developed by NERC “that defines the set of functions that must be performed to ensure the reliability of the Bulk-Power System” and which “identifies 14 functions and the name of a corresponding entity responsible for fulfilling each function.”²¹ NERC has designated the Reliability Coordinator as “[t]he functional entity that maintains the Real-time operating reliability of the Bulk Electric System within a Reliability Coordinator Area . . . in coordination with its neighboring Reliability Coordinator’s wide-area view,” which “includes situational awareness of its neighboring Reliability Coordinator Areas . . . transmission and balancing operations.”²² This Functional Model gives Reliability Coordinators “the authority to direct other functional entities to take certain actions to ensure that its Reliability Coordinator Area operates reliably.”²³ Thus, because Reliability Coordinators maintain the reliability of the Interconnection as a whole in cooperation with other Reliability Coordinators, they need to have “a ‘wide-area’ view that reaches beyond” their own respective boundaries to enable them to operate within Interconnection Reliability Operating Limits.²⁴ Finally, Reliability Coordinators ensure that the balance

²⁰ *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh’g*, Order 693-A, 120 FERC ¶ 61,053 (2007) at P 520.

²¹ Order No. 693 at P 117.

²² http://www.nerc.com/files/Functional_Model_V5_Final_2009Dec1.pdf at 30.

²³ *Id.*

²⁴ *Id.* at 31.

of generation and demand is maintained within their Reliability Coordinator Areas, which ensures that the frequency of the Interconnection remains within acceptable limits. Similarly, Balancing Authorities have the responsibility to maintain the balance of generation-demand-interchange in their Balancing Authority Areas. Reliability Coordinators may direct a Balancing Authority within its Reliability Coordinator Area to take certain action it deems is necessary to ensure that the generation-demand-interchange balance doesn't adversely impact reliability."²⁵

Reliability Coordinators, some of which are also RTOs or ISOs, must coordinate with each other, Transmission Planners and Transmission Service Providers to maintain the reliability of the bulk power system. This involves, among other things, coordination on transmission system limitations, issuing dispatch adjustments to Balancing Authorities to prevent exceeding limits within the Reliability Coordinator Area if they can't be resolved through market mechanisms. They are also charged with providing reliability analyses to Transmission Operators, Generator Operators and Balancing Authorities located in their Reliability Coordinator Areas as well as those located in the Reliability Coordinator Areas of other Reliability Coordinators, coordinating reliability processes and actions with and among other Reliability Coordinators, receiving real-time operational information from Balancing Authorities, Interchange Coordinators and Transmission Operators for monitoring, issuing corrective actions and emergency procedures directives (e.g., curtailments or load shedding) to Transmission Operators, Balancing Authorities, Generator Operators, Distribution Providers, and Interchange

²⁵ *Id.* Having the wide area view is important to enhancing reliability. This is not to imply that the scope of actions an entity can take unilaterally are somehow widened by getting access to the data. Rather, access to the data will enhance communication and coordination across the interconnection.

Coordinators, and directing the use of flow control devices by Transmission Operators.²⁶

A Reliability Coordinator's access to e-Tag data is limited to schedules with contract paths in its Reliability Coordinator Area. Currently, to address real-time operating issues, Reliability Coordinators rely upon the Interchange Distribution Calculator ("IDC") to identify the schedules on which action is necessary to relieve a constraint. The IDC identifies all schedules with flow impacts on the constrained path or flowgate regardless of which Reliability Coordinator Area that schedule traverses. Reliability Coordinators could more efficiently and effectively meet their various obligations including identification the causes and location of loop flows and their corresponding system and market impacts if they had near real-time access to complete e-Tags similar to that proposed by the Commission for itself and its staff. Thus, in the Joint Commenters' view, not only should e-Tag data be made available to the Commission and MMUs on a near real-time basis, it should also be made available to RTOs, ISOs and Reliability Coordinators on a non-public basis.

D. Provision of Complete E-Tag Data to RTOs and ISOs Will Facilitate Compliance With Their Order 2000 Obligations.

E-Tag data is uniquely relevant to RTOs and ISOs in that it is not only useful in detecting anti-competitive or manipulative behavior by market participants in wholesale energy market transactions, but it can also be relied upon to enhance coordination and communication concerning transactions and activity that adversely affect system reliability.

²⁶ *Id.* at 30-31.

In Order No. 2000, the Commission indicated that: “Our objective is for all transmission-owning entities in the Nation, including non-public utility entities, to place their transmission facilities under the control of appropriate RTOs in a timely manner. Therefore, we are establishing in this rule minimum characteristics and functions for appropriate RTOs”²⁷ These minimum characteristics and functions that the Commission required RTOs to satisfy were:

Minimum Characteristics:

1. Independence
2. Scope and Regional Configuration
3. Operational Authority
4. Short-term Reliability

Minimum Functions:

1. Tariff Administration and Design;
2. Congestion Management
3. Parallel Path Flow
4. Ancillary Services
5. OASIS and Total Transmission Capability (TTC) and Available Transmission Capability (ATC)
6. Market Monitoring
7. Planning and Expansion
8. Interregional Coordination²⁸

RTOs and ISOs should be given access to complete e-Tags similar to the access proposed by the Commission for itself and its staff to facilitate their Order No. 2000 responsibilities to ensure that: (i) their wholesale energy markets are competitive and efficient; (ii) their market rules are effective; (iii) market participants are not manipulating

²⁷ *Regional Transmission Organizations*, Order No. 2000, FERC Stats. & Regs. ¶ 31,089 (1999), *order on reh'g*, Order No. 2000-A, FERC Stats. & Regs. ¶ 31,092, at 30,993 (2000), *aff'd sub nom. Pub. Util. Dist. No. 1 of Snohomish County, Washington v. FERC*, 272 F.3d 607 (D.C. Cir. 2001).

²⁸ Order No. 2000, FERC Stats. & Regs. ¶ 31,089 at 30,993-30,994. The Commission has defined these functions in its regulations at 18 C.F.R. § 35.34(k).

their markets; (iv) there is interregional coordination between neighboring Control Areas; and (v) that the interconnected bulk power system is reliable.

With respect to the first RTO function, RTOs and ISOs are the sole administrators of their transmission tariffs and have the sole authority to evaluate and approve requests for the provision of transmission service, including requests for new interconnections.²⁹ Having access to complete e-Tags will allow RTOs and ISOs to more accurately determine the impacts of transaction occurring elsewhere in the interconnection. This knowledge will, in turn, enable RTOs and ISOs to better evaluate the availability of transmission service when conducting evaluations of such requests.

The second RTO function, ensuring the development and operation of market mechanisms to manage transmission congestion,³⁰ can also be facilitated through access to complete e-Tags which will allow RTOs and ISOs to more effectively manage transmission congestion because while RTOs have very detailed visibility into the systems over which they have direct responsibility, and increasing levels of detail regarding directly connected, neighboring systems, RTOs and ISOs continue to have limited visibility into the dispatch and transactions in other, surrounding systems. This limited visibility is problematic when the flows on the transmission facilities over which an RTO or ISO has direct responsibility cannot be explained by the operations within its system or that of its directly connected neighbors. The ability of RTOs and ISOs to provide the most efficient congestion management solutions is hampered by the inability

²⁹ *Id.* at 31,108.

³⁰ *Id.* at 31,109, 31,126; see also 18 C.F.R. § 35.34(k)(2).

to determine the sources of flows across their systems due to the limited availability of data.

The sixth function of RTOs is monitoring market participants' behavior to determine if their actions hinder the RTO's (1) provision of reliable, efficient and "not unduly discriminatory transmission service," (2) periodic assessment of market participant behavior to determine how it affects RTOs' operations, and (3) assessment of how RTO "operations affect the efficiency of power markets operated by others", in other words, market monitoring.³¹ The Commission relies on RTOs and ISOs to keep a watchful eye over their markets to ensure against and bring to its attention suspected market manipulation and anti-competitive behavior of market participants.³² MMUs provide certain market monitoring services to RTOs and ISOs pursuant to the above-described market monitoring responsibility assigned to RTOs and ISOs under Order No. 2000. However, RTO and ISOs retain their administrative responsibilities as the public utilities that the Commission holds accountable for tariff implementation per Order No. 719.³³ The provision of access to e-Tags similar to that proposed by the Commission for itself³⁴ would allow RTOs and ISOs to more efficiently and effectively satisfy their responsibilities to identify market design flaws, monitor the behavior of market participants to determine whether their "actions hinder the Regional Transmission

³¹ 18 C.F.R. § 35.34(k)(6).

³² Order No. 2000, FERC Stats. & Regs. ¶ 31,089 at 31,156-31,157 ("In response to commenters' arguments that RTO market monitoring results in an impermissible shift of Commission authority to other entities, we emphasize that performance of market monitoring by RTOs is not intended to supplant Commission authority. Rather it will provide the Commission with an additional means of detecting market power abuses, market design flaws and opportunities for improvements in market efficiency.").

³³ *Wholesale Competition in Regions with Organized Electric Markets*, Order No. 719, 73 Fed. Reg. 64,100 (Oct. 28, 2008), FERC Stats. & Regs. ¶ 31,281 (2008) at P 361.

³⁴ See NOPR at P 15.

Organization in providing reliable, efficient and not unduly discriminatory transmission service” and ensure “the integration of reliability practices within an interconnection and market interface practices among regions” through interregional coordination. Therefore, the rationale for giving the Commission access to complete e-Tag data supports the provision of such access to RTOs and ISOs.

Additionally, the development and implementation of procedures to deal with intraregional and interregional parallel path flow, also called loop flow, referring to “unscheduled transmission flows that occur on adjoining transmission systems when power is transferred in an interconnected electrical system,”³⁵ is the third RTO function established by the Commission.³⁶ When attempting to investigate parallel path flow or congestion issues, RTOs and ISOs only have access to the e-Tags relating to transactions occurring in their own respective wholesale energy markets. However, external market transactions occurring outside of the Control Area of the RTO or ISO can and do have impacts on the RTO/ISO, resulting in the creation of congestion and/or loop flows on their bulk power systems. In order to investigate the cause of loop flows, currently the RTO or ISO must first obtain the related e-Tag data from OATI but can only do so after obtaining authorization from the market participants whose market activity it believes may be causing the congestion or loop flows, or from the other Reliability Coordinators whose Reliability Coordinator Areas were also affected by the activity. This process takes several months because market participants and Reliability

³⁵ Order No. 2000, FERC Stats. & Regs. ¶ 31,089 at 31,128 n. 505; 18 C.F.R. § 35.34(k)(3).

³⁶ Order No. 2000, FERC Stats. & Regs. ¶ 31,089 at 31,128-31,130; 18 C.F.R. § 35.34(k)(4).

Coordinators are sometimes reluctant to give their authorization to access their complete e-Tag data, which is not beneficial to the wholesale electric markets.

A case in point that fully illustrates the issues facing RTOs and ISOs is PJM's investigation of the causes of loop flows in 2006 involving the flow of electricity between it and several other RTOs/ISOs, which flows threatened system reliability and was harmful to markets. PJM conducted its analysis by examining e-Tag information available to PJM and provided to it by TVA. This analysis revealed that a significant portion of loop flows observed at the southern PJM interfaces resulted from market participants scheduling energy to take advantage of pricing differences at PJM's borders. These prices were intended to attract beneficial counter-flows to relieve congestion and market participants were able to schedule transactions that took advantage of the pricing differences. However, because the energy did not physically flow in the direction in which it had been contracted and scheduled to flow, loop flows were exacerbated on the affected interfaces.

MISO and PJM, in cooperation with neighboring systems to the North, expanded on the above analysis of e-Tag information and historical scheduled and actual energy flow information to better understand the causes of loop flows in the Lake Erie area. The results of this effort culminated into the development and publishing of two reports – *Investigation of Loop Flows Across Combined Midwest ISO and PJM Footprint Report* issued May 25, 2007³⁷ and *Investigation of Loop Flows Across Combined Midwest ISO*

³⁷ <http://www.jointandcommon.com/working-groups/joint-and-common/downloads/20070525-loop-flow-investigation-report.pdf>.

and PJM Footprint Phase II report dated November 12, 2008³⁸ - both of which described the difficulties that RTOs, ISOs and Reliability Coordinators experienced in obtaining e-Tag data needed to investigate the causes of the loop flows, recognized the value that access to the e-Tag data provided in identifying the loop flows, and concluded that the causes of the loop flows would not have been possible without the loop flow the data.

Hence, allowing RTOs and ISOs to have access to complete e-Tags used to schedule interchange transactions in wholesale markets on a non-public basis will allow them to more quickly determine the source of loop flows when there is congestion on the transmission system that needs to be managed. On the other hand, limiting RTO/ISO access to complete e-Tags allows entities to engage in market activity that potentially jeopardizes the reliability of the bulk power system, such as taking advantage of loopholes in market rules by scheduling a contract path for the flow of energy that market participants know or should know is unlikely to be consistent with the actual physical flow of energy for extended periods of time.

Serving as the single OASIS site administrator for all transmission facilities under its control and independently calculating Total Transmission Capability (TTC) and Available Transmission Capability (ATC) is the fifth function of RTOs. Similar to the first RTO function discussed above, having access to complete e-Tags will allow RTOs and ISOs to formulate a more accurate picture of the remaining transmission capability

³⁸ <http://www.miso-pjm.com/working-groups/joint-and-common/downloads/20081114-loop-flow-phase-ii-study-report-final-20081112.pdf>.

available for sale within its area, as well as coordinate the sale of such service with surrounding OASIS administrators.³⁹

Finally, the eighth RTO function requires RTOs and ISOs to ensure “the integration of reliability practices within an interconnection and market interface practices among regions” through interregional coordination.⁴⁰ This function comes into play when each RTO coordinates its reliability actions and plans with its surrounding entities. Having access to complete e-Tags will allow RTOs and ISOs to increase the effectiveness of this coordination because it would provide reliability entities with a much more detailed view of the sources of all flows on the interconnection. The current, limited view of only a subset of the dispatch and transaction activity on surrounding systems hampers the ability to effectively anticipate and plan for potential future transmission constraints that could be managed more efficiently with the use of additional data such as e-Tag data.

Accordingly, it is clear that allowing RTOs and ISOs access to e-Tag data similar to that proposed for the Commission and its staff will facilitate the performance of RTO and ISO functions set forth by the Commission in Order No. 2000 for the reasons indicated above.

III. CONCLUSION

Joint Commenters respectfully request the issuance of a Final Rule that is consistent with these comments, in order to ensure that RTOs, ISOs, Reliability

³⁹ 18 C.F.R. § 35.34(k)(5).

⁴⁰ 18 C.F.R. § 35.34(k)(8).

Coordinators and MMUs have timely access to complete e-Tags used to schedule interchange transactions in wholesale markets on a non-public basis.

Respectfully submitted,

/s/ Craig Glazer

Craig Glazer
Vice President – Federal Government Policy
Jacquelynn B. Huges
Assistant General Counsel - Markets
PJM Interconnection, L.L.C.
1200 G Street, N.W. Suite 600
Washington, D.C. 20005
(202) 423-4743
glazec@pjm.com
(610) 666-8208
hugesj@pjm.com

/s/ Heather H. Starnes

Heather H. Starnes, J.D.
Manager – Regulatory Policy
Southwest Power Pool, Inc.
415 North McKinley, #140 Plaza West
Little Rock, Arkansas 72205

Dated: June 27, 2011