



RPM Supply Curves and Masking: Educational Document

Introduction

Following each RPM Base Residual Auction (BRA), PJM posts the supply curves. These curves are not the true supply curves but a representation of the information with smoothed and masked data to avoid revealing market sensitive information.

The Markets and Reliability Committee approved the problem statement at the meeting on May 30, 2013, meeting and assigned it to the Market Implementation Committee. The problem statement seeks to investigate if the current practices could be altered to improve transparency of the offered supply while still balancing this against the need to avoid disclosure of commercially sensitive information.

Masking practices

<To be added pending information from the Independent Market Monitor>

Filing History

The information below is intended to provide stakeholders a summary overview of the relevant developments on this issue in the regulatory arena. This document is not intended to provide a complete legal analysis of the filing history, nor advocate any point of view regarding the filings, and stakeholders should consult their own legal counsel for such an analysis.

October 17, 2008: The FERC issues Order 719¹. Among the many other provisions of the order, it includes a requirement:

“The RTO or ISO is to include in its compliance filing a justification of its policy regarding the aggregation or lack thereof of offer data and of cost data, discussing the manner in which it believes its policy avoids participant harm and the possibility of collusion, while fostering market transparency.”²

PJM submitted its initial compliance filing, however the FERC was not satisfied and instructed PJM to provide the required justification.

March 18, 2010: PJM submits its second compliance filing, which includes language recently developed for Manual 33 on data postings. This language was endorsed at the MRC via a sector-weighted vote with a total of 4.65 in favor.

¹ Docket RM07-19-000 <http://www.ferc.gov/whats-new/comm-meet/2008/101608/E-1.pdf>

² Order 719 at ¶ 424.



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March 22, 2010: PJM posts RPM supply curve data including data in a tabular format.

March 24, 2010: The IMM files a Cease-And-Desist Motion opposing the posting of the data, requesting a one business day turnaround.

April 8, 2010: Constellation files comments on PJM's filing. The comments assert that the Manual 33 language was not thoroughly considered but was "zealously ushered through the stakeholder process".

Comment [TFZ1]: This may be too specific

April 8, 2010: The IMM files comments on PJM's compliance filing. It includes a masking approach for the RPM supply curves.

August 12, 2010: The FERC issues an order on the compliance filing. It does not rule on the IMM's Cease and Desist Motion, calling it now "moot". A key provision of the order is as follows:

78. We therefore will require PJM to adopt, within 30 days of the date of this order, the posting methodology proposed by the MMU under which PJM will post the aggregated data graphically, but will not post participant specific information. We also will require PJM to include a 13 month delay in posting this information to further help limit the market sensitivity of these data. PJM and its stakeholders may develop and propose an alternative methodology under section 205 if they believe that such a methodology will provide more accurate data without unmasking the bid data of individual participants.

November 10, 2010: PJM files a compliance filing in response to the August 12 order. The filing includes the tariff language below. It specifically does not include the 13 month delay as PJM stakeholders were strongly opposed to such a delay.

e) After conducting the Reliability Pricing Model Auctions, PJM will post the results of each auction as soon thereafter as possible. The posted results shall include graphical supply curves that are (a) provided for the entire PJM Region, (b) provided for any Locational Deliverability Area for which there are four (4) or more suppliers, and (c) developed using a formulaic approach to smooth the curves using a statistical technique that fits a smooth curve to the underlying supply curve data while ensuring that the point of intersection between supply and demand curves is at the market clearing price.

January 20, 2011: The FERC largely accepts PJM's compliance filing. The order does not discuss the RPM supply curve issue in any detail.



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Considerations for Potential Solutions

When considering possible changes to current practices, stakeholders will need to balance the benefits of transparency with the need to protect confidential data and avoid possible market manipulation. This educational document will not attempt to strike that balance as stakeholders individually will have to draw their own conclusions. However there are noteworthy items that may help to inform the discussion.

PJM Manual 33

PJM's Manual 33 contains guidelines for data postings in section 3.6 as shown below. While the specific FERC orders and activity on this topic would take precedence over the manual language below, it is nonetheless a useful guideline to have when evaluating the balance on what information may be too revealing.

3.6 Market Data Postings

To the extent PJM deems information relative to the operation of its electricity markets valuable for public dissemination, or upon request by one or more PJM stakeholders, PJM will post aggregated market data on its public web site. In order to ensure that market sensitive data is not revealed and to prevent potential misuse of such data, PJM will only post aggregated market data to the extent that it meets the following criteria:

- A. More than three (3) market participants' data in a particular category is being aggregated for posting. For example, if the data being considered for posting is load data, more than three (3) Load-Serving Entities' data must be aggregated; and
- B. The data to be posted is aggregated over a geographic area no smaller than a PJM transmission zone.

The data to be posted may not violate these criteria both on its own or when used in combination with other previously posted data.

Data that was posted before the creation of this guideline is assumed to be appropriate and acceptable.

Data that does not meet these guidelines may still be posted if such disclosure is deemed acceptable by PJM, the PJM Independent Market Monitor, and the members whose data will be posted.