

Overview

This paper will provide an overview of the current state of affairs in the area of data postings and confidentiality issues, with an eye towards identifying opportunities for increased information transparency related to PJM Markets or Operations and clarifications on current confidentiality rules.

Development of Current Manual Language

FERC Order 719 was a wide-ranging order with many different mandates. One of the less significant requirements included in this order was for all RTOs to justify their data posting policies. At the time, PJM had no written policies for data postings in the governing documents, manuals, policies, etc. PJM in its compliance filing responded with information on PJM's practices in this area, but the FERC found this answer insufficient and ordered further response. In 2010 PJM created language that was included in Manual 33 to formalize the data posting policies. These rules have remained unchanged since they were implemented.

Current Rules and Policies

Summary of Rules

A very high level summary of the rules surrounding the designation and treatment of confidential data is as follows:

1. "Confidential data" is data that PJM has designated as confidential. The rules contain no strict definition of what types of data are or are not confidential.
2. Confidential data may only be disclosed under certain circumstances (such as due to a subpoena, to the FERC, NERC or CFTC, other RTO/ISOs, to an authorized State Commission, to PJM contractors or consultants, or with the permission of the owner of the data.)
3. Aggregate market data that is publicly posted must be comprised of data from four or more market participants, and cover a geographic area no smaller than a transmission zone.

Operating Agreement

Section 18.17 of the Operating Agreement provides most of the high level guidance for the treatment of confidential data.

Operating Section 18.17.1 states:

(a) No Member shall have a right hereunder to receive or review any documents, data or other information of another Member, including documents, data or other information provided to the Office of the Interconnection, to the extent such documents, data or information have been designated as confidential pursuant to the procedures adopted by the Office of the Interconnection and/or the PJM Market Monitor or to the extent that they have been designated as confidential by such other Member; provided, however, a Member may receive and review any composite documents, data and other information that may be developed based on such confidential documents, data or information if the composite does not disclose any individual Member's confidential data or information.

(b) Except as may be provided in this Agreement or in the PJM Open Access Transmission Tariff, the Office of the Interconnection shall not disclose to its Members or to third parties, any documents, data, or other information of a Member or entity applying for Membership, to the extent such documents, data, or other information has been designated confidential pursuant to the procedures adopted by the Office of the Interconnection or by such Member or entity applying for membership..."

Under the Operating Agreement, certain information designated by a Member as confidential remains so without regard to the passage of time. The same is true with respect to information designated by PJM as confidential pursuant to PJM's procedures unless otherwise provided in the Operating Agreement or Tariff. For example, Operating Agreement, Section 18.17.1 (b) (iii) specifically makes e-Tag data confidential and the passage of time will not change the status. Similarly, Section 18.17.6 specifically says EMS data is "confidential and/or commercially sensitive" and states PJM shall not release "any generator cost, prices or other market information without written authorization pursuant to Section 18.17.1 (c)."

Conversely, Section 18.17.1 (a) says information that would otherwise be confidential may be disclosed by PJM in composite or aggregated provided the composite does not disclose any individual Member's confidential data or information.

Manual 33

The following language was included in Manual 33 as a result of FERC directives stemming from Order 719 in 2010. It has remained unchanged since it was first defined.

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.

Operational Practices

PJM internally has established practices to help clarify what is or is not considered to be confidential. These practices have largely focused on extending historical precedents and avoiding potential market harm. There have been instances where information would be beneficial and pose no risk of market harm but the release of that information is not consistent with historical practice or the rules in Manual 33.

Issues Related to Transparency and Confidentiality

“Transparency” versus the risk of market manipulation

There is an argument that “transparency” is a virtue, and it is sometimes used as a justification for information disclosures. Transparency is often a good thing, but too much transparency can undermine competitive market outcomes. Transparency is often discussed as a core virtue with no other explanation needed, but it should not be accepted without scrutiny. Good reasons for transparency include things like informing market participant activity in the market (a high price signals a need for energy, and the transparency of that price allows participants to react) and when transparency supports confidence in the market results. However, transparency becomes a problem when too much information allows market participants to undermine competitive results. PJM does not post all offers into the capacity market as that information could potentially be used by some participants to adjust their offers and undermine competitive market outcomes.

In any discussion of whether a particular piece of information should be posted, there should always be a consideration of the opposed concerns of transparency versus the risk of market manipulation. Reasonable people

will differ on their valuation of each of these elements, and therefore on whether the information should be posted. Therefore it is critical to have robust stakeholder discussion so that the stakeholders may come to consensus on where the balance lies for any given piece of information. These elements should be evaluated explicitly in stakeholder discussions.

Age of Data

Age of data can play a role in determining the acceptability of data for posting. In general, PJM rules do not consider the age of the data as a factor and confidential data is forever confidential. There are some exceptions, such as generator offer data which is posted on a four month lag as mandated by the FERC.

In general, aged data is not valuable for the type of transparency that allows participants to inform their immediate actions. However it can be valuable for those who wish to do analysis to have confidence in the market outcomes.

While posting lagged data may seem to be a solution for market manipulation risks, it is often a tool of limited use. PJM's markets are a "repeated game" and information about one market result can give useful information about the next one. For instance, a full set of information about a given Base Residual Auction would reveal a great deal about the next one, as entry/exit and offers are constrained. Lagging the release of data is only valuable when the circumstances change frequently enough to lower the risk of market manipulation. For fairly static markets, lagging data has little impact on the risk of market manipulation.

Masking Data

In general, PJM does not use masking (where ID numbers, names, or identifiers are scrambled) in the posting of data. The notable exception is during the posting of lagged generator offers to the Energy Markets where masking is used in accordance with FERC orders.

This masking is somewhat ineffective. PJM has been told that given the number of generators and the known characteristics of those generators, anyone wishing to spend the time can eventually determine which generator is which. This is not a failure of the masking system itself, but rather made possible by the nature of the data being posted. For instance, there are only so many 1,000MW or more generators in PJM's territory, and examination of the data will start to give clues as to which one is which.

Masking has proven somewhat ineffective in PJM's circumstances and while it could be beneficial in some cases, it is not likely to be a strong tool to prevent market manipulation.

Opportunities for Clarification and New Information

The current confidentiality rules are not highly specific and this is necessary and appropriate. However, clarification of the rules regarding some types of data would allow PJM to be more responsive to some stakeholder requests and provide benefit to the markets. PJM is seeking to clarify existing rules to enhance clarity in areas where the rules are not clear and explicit on certain data topics. In some cases, this could be the ability to report on specific information after an extreme system event (such as severe weather events) rather than the on-going posting of information. Additionally, the Independent Market Monitor has made some recommendations for increased transparency.

Uplift Data

The IMM has recommended that PJM post granular, unit-specific operating reserve data. The IMM believes that increased transparency would create the opportunity for other market participants to offer competing solutions, and that there is little risk of market harm. PJM often receives requests from stakeholders for more information regarding uplift, particularly in the face of rule changes or severe system events that increase uplift amounts.

Rules clarifications needed: Potentially conflicts with current rules in M-33

Demand Response Offered Quantities in Small Areas

Over time there have been instances where reporting on the amount of demand response available in an area would have been beneficial for the purpose of explaining the background and impact of system events or conditions. Often these areas fall short of the rules in Manual 33 as they are often far smaller than a transmission zone, and can often have less than four market participants. Despite these facts, the disclosure of this information, whether in the case of testimony justifying a transmission line upgrade or a report detailing the impact of weather events on the grid, could be useful and beneficial.

Rules clarifications needed: Conflicts with rules in M-33.

Generator Outage Data

Generation outage data is considered confidential by longstanding practice in PJM. However transmission outage data is public via the OASIS system. While real-time information on generation outages could potentially be used to exploit markets during certain system conditions, it is less likely that the same risk will exist with respect to generation outages reported after-the-fact (i.e. those where the outage has concluded).

Rules clarifications needed: None, however conflicts with long-standing PJM practice regarding this information.



Cleared Resources in RPM

PJM currently posts the network resources (i.e. cleared capacity units) when the delivery year arrives per federal regulations¹. There has been some interest in making cleared RPM resources available immediately after the auction closes.

Rules clarifications needed: None.

Three Pivotal Test (TPS) Results

The IMM publishes information regarding constraints in the PJM Energy Markets and how often those constraints pass or fail the TPS test. However some constraints data cannot be published due to conflicts with the rules in Manual 33.

Rules clarifications needed: Potentially conflicts with current rules in M-33

¹ Code of Federal Regulations: Title 18 section 37