

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

[Docket No. RM05-16-000]

Generator Run Status Information

(May 27, 2005)

AGENCY: Federal Energy Regulatory Commission

ACTION: Notice of Inquiry

SUMMARY: The Federal Energy Regulatory Commission (Commission) seeks comments on whether the Commission should require jurisdictional generators to provide the Commission with confidential access to generator run status information.

DATES: Comments on this Notice of Inquiry are due on [Insert date 60 days after publication in the FEDERAL REGISTER].

ADDRESSES: Comments may be filed electronically via the eFiling link on the Commission's web site at <http://www.ferc.gov>. Commenters unable to file comments electronically must send an original and 14 copies of their comments to: Federal Energy Regulatory Commission, Office of the Secretary, 888 First Street N.E., Washington, DC, 20426. Refer to the Comment Procedures section of the NOI for additional information on how to file comments.

FOR FURTHER INFORMATION CONTACT:

Patricia Morris (Technical Information)
Office of Market Oversight and Investigation
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426
patricia.morris@ferc.gov

Michelle Veloso (Technical Information)
Office of Markets, Tariffs and Rates
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426
michelle.veloso@ferc.gov

Edward Fowlkes (Technical Information)
Office of Energy Projects
Federal Energy Regulatory Commission
888 First Street, N.W.
Washington, D.C. 20426
edward.fowlkes@ferc.gov

Joseph C. Lynch (Legal Information)
Office of the General Counsel
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426
joseph.lynch@ferc.gov

SUPPLEMENTARY INFORMATION:

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Generator Run Status Information

Docket No. RM05-16-000

NOTICE OF INQUIRY

(May 27, 2005)

1. The Commission is seeking comments on the need for access to generator run status information from all public utility generators on a confidential basis. Generator run status includes information on the commitment, operating performance and capability of generating units connected to the interconnected transmission system. Confidential access to this information would allow the Commission to better oversee markets by ensuring that generation resources are represented accurately and would allow the Commission to promptly monitor and investigate market abuses and unduly discriminatory behavior thereby upholding the Commission's standards of conduct.

Background

2. With the issuance of Order No. 888, the Commission required public utilities that own, control or operate interstate transmission facilities to file open access transmission tariffs that offer others the same transmission service that they provide themselves. In doing this, the Commission opened wholesale power sales

to greater competition.¹ Order No. 889, issued in tandem with Order No. 888, required transmission providers to establish or participate in an Open Access, Same-Time Information System (OASIS) and to comply with prescribed standards of conduct.²

3. The standards of conduct required, among other things, that companies separate their transmission operations from their power sales marketing/merchant functions. The standards of conduct were designed to prevent employees of a public utility, or any of its affiliates, engaged in the power sales marketing/merchant function from obtaining preferential access to transmission information not available to all customers at the same time through public posting on OASIS.

4. The Commission notes that, while OASIS provides information on transmission availability, no similar information is available for generation. The

¹ Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, Order No. 888, 61 FR 21,540 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles January 1991-June 1996 ¶ 31,036 (1996), order on reh'g, Order No. 888-A, 62 FR 12,274 (March 4, 1997), FERC Stats. & Regs., Regulations Preambles, July 1996-December 2001 ¶ 31,048 (1997), order on reh'g, Order No. 888-B, 81 FERC ¶ 61,248 (1997), order on reh'g, Order No. 888-C, 82 FERC ¶ 61,046 (1998), aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC, 225 F.3d 667 (D.C. Cir. 2000), aff'd sub nom. New York v. FERC, 535 U.S. 1 (2002).

² Open Access Same-Time Information System and Standards of Conduct, Order No. 889, 61 FR 21,737 (1996), FERC Stats. & Regs., Regulations Preambles July 1996-December 2000 ¶ 31,035 (1996), order on reh'g, Order No. 889-A, 62 FR 12,484 (1997), FERC Stats. & Regs., Regulations Preambles July 1996-December 2000 ¶ 31,049 (1997), reh'g denied, Order No. 889-B, 81 FERC ¶ 61,253 (1997).

Commission's OASIS II Advanced Notice of Proposed Rulemaking (ANOPR), issued in July 2000, contemplated generator run status information requirements. The ANOPR asked for industry comment on whether generator run status information should be incorporated into OASIS Phase II and posted for public disclosure.³ Most of the comments raised confidentiality concerns.

Generator Run Status

5. In the wake of Order Nos. 888 and 889, the number of companies that generate and sell power and the volume of wholesale trading have increased significantly. Markets have evolved to become more complex and fluid, and now involve the trading of both physical and financial products. This situation has resulted in increased opportunities for the strategic use of generation resources. The Commission monitors the markets to determine whether there is market manipulation.

6. The Commission collects transactional data on sales and purchases through the Electric Quarterly Reports, however, this data does not fully inform the Commission on the real-time operation of supply. By obtaining confidential access to generator run status information, the Commission can complete the picture, and see the electric energy system as a whole.

7. In order to understand the problem facing the Commission, it is necessary to define generator run status. Generator run status reporting would include

³ Open Access Same-Time Information System Phase II, 92 FERC ¶ 61,047 (2000). The Commission has not yet implemented OASIS Phase II.

information on the commitment, operating performance and capability of generating units connected to the interconnected electric transmission system.

Generator run status information includes: (a) the status of breakers (open/closed); (b) generating unit megawatts (MW) and megavolt-ampere reactive (MVAR) capability based on generator-tested performance capability data; (c) MW and MVAR net output; (d) the status of automatic voltage control facilities; (e) unit dispatch levels; (f) unit outages or deratings, including the reasons for the outages or deratings; (g) the date and time when the unit was taken out of service or derated and the estimated (and, later, the actual) date and time when the unit was expected back online following an outage or derating; and (h) generator-tested performance capability data.

8. Generator run status information can help the Commission to identify the selective withholding of generation and the misrepresentation of generating capacity to influence market prices. During the Western energy crisis the potential was demonstrated for market participants to use generation resources to thwart competition. Between January 2000 and June 2001, market participants in the California ISO sold ancillary services in the day-ahead market, even though they did not have the required resources to provide the ancillary services. Market participants also sold non-firm energy as firm energy without possessing the dedicated resources necessary to supply firm energy.⁴

⁴ See, e.g., American Electric Power Service Corporation, 103 FERC ¶ 61,345 at P51-55 (2003), reh'g denied, 106 FERC ¶ 61,020 (2004). See also,

9. The Commission also recognizes the potential for control area operators and scheduling authorities with their own generation or with generation affiliates to dispatch their units to the prejudice of other lower-priced generation. Although public utilities usually dispatch generating units based on the application of an algorithm to system conditions and constraints, the algorithm cannot take all conditions into consideration. A system operator may dispatch generation out-of-merit⁵ due to changing forecasts or sudden, extraneous events in current operating conditions such as generator or transmission system forced outages. This leaves open the opportunity to dispatch their own or their affiliate's higher-cost generating units, rather than dispatching a competitor's lower cost generating units.

10. The Commission recognizes the potential impact of improper generator dispatch upon transmission system capability and appreciates that changes in generator run status may affect third parties due to reduced transfer capability. Reduced transfer capability diminishes the capacity for market participants to move power. Generator run status information can allow the Commission to monitor the effects of generator operations on transmission system performance.

11. Access to confidential generator run status information would, for example, allow the Commission to: (a) ensure the accurate representation of generating

Final Report on Price Manipulation in Western Markets: Fact Finding Investigation of Potential Manipulation of Electric and Natural Gas Prices, Docket No. PA02-2-000 (March 2003) (Final Report).

⁵ Out-of-merit dispatch is a dispatch sequence in which the least cost generator is not dispatched to supply the next increment of system load.

capacity; (b) identify patterns of strategic behavior; (c) monitor for undue discrimination or preference in the dispatch of generation resources; and (d) better assess the validity of complaints. Currently, the Commission can obtain the data necessary to accomplish these goals through individual data requests and by subpoena in formal investigations. This necessarily occurs long after the events at issue. More timely access to this information will permit the Commission, among other things, to more promptly address misuse and misrepresentation of generator availability to influence market behavior.

Considerations In Collecting Generator Run Status Information

12. In response to the OASIS II ANOPR, the North American Electric Reliability Council's (NERC) Electronic Scheduling Collaborative (ESC) noted that an overwhelming majority of ESC members opposed disclosure of generator run status information. With deference to minority opinion, the ESC filed two alternative position papers on generator run status, one in favor of disclosure and the other against.⁶

13. Those favoring the disclosure of generator run status information maintained that disclosure of generator run status information would provide appropriate market signals and create disincentives for market participants to improperly withhold capacity from the market, while providing essential

⁶ Response of the Electronic Scheduling Collaborative (Docket No. RM00-10-000 July 14, 2000).

information to directly measure the exercise of horizontal market power. The position paper supporting disclosure of generator run status explained:

Generator run status is a critical element of information used by many entities to ensure the operating security of the interconnected electric system. It should also be a component of the information base made available to all participants in the bulk power market to ensure appropriate market responses to real-time operating conditions, to provide the transparency needed for economically efficient markets, and to add discipline and market power mitigation through analysis of data to reveal patterns of strategic behavior.⁷

14. The position paper opposing the disclosure of generator run status information contended that generator run status information is proprietary, commercially sensitive information. It argued that a generating facility is the private property of its owners and that such information is proprietary. It also asserted that disclosure of such information to the market could devalue the asset and “essentially represents a confiscation of a portion of the asset itself.”⁸ Those objecting to the disclosure of generator run status information further contended

⁷ Response of ESC, Generator Run Status: Position Paper Supporting Data Disclosure to the Market Within OASIS Phase II, Attachment 7 at 2 (January 29, 2001).

⁸ Response of ESC, Generator Run Status: Position Paper Opposing Data Disclosure to the Market Within OASIS Phase II Attachment 7 at 5 (January 29, 2001).

that making generator run status information generally available would allow some participants in the market to gain an unfair advantage over others.

15. The Commission is persuaded that certain information pertaining to generator characteristics and operation is proprietary and commercially sensitive. However, the Commission also believes that knowledge by market participants of current market conditions is vital to achieve a fully competitive, and least-cost market. Therefore, the Commission is soliciting responses relating to the confidential treatment of the information versus the release of certain generator run status data elements that could be made available to the marketplace to satisfy these objectives without compromising the legitimate competitive position of generators, and which information should be kept confidential. The Commission intends to respect commercially sensitive information by collecting and maintaining commercially sensitive information on a confidential basis.

Comments Requested

16. The Commission encourages comments regarding the topics above. In addition, the Commission seeks responses to the following specific questions:

- a. Which data elements of generator run status, listed previously, should the Commission collect or have access to? In addition, please comment, among other things, on whether the Commission should collect: (1) generator logs for all 8,760 hours of the year; (2) balancing authority operating logs; (3) raw data as provided to NERC for its GADS

database; (4) capability performance testing results; and (5) equivalent demand forced outage rate (EFORd) data.

- b. Should the Commission collect this generator run status information on a regular basis, or instead require public utility generators to maintain generator run status information to provide to the Commission on short notice when requested?
- c. How is this data currently collected by industry participants? What would be the burden on the electric industry to make this information on generator run status available to the Commission?
- d. Is there other information that would be more appropriate to collect, such as that obtained by NERC for their Generator Availability Data System (GADS)?
- e. What should be the frequency of reporting/collection? Should the Commission request generator run status information for the peak operating hour each day, or is some other period more appropriate?
- f. What real-time data might facilitate a more efficient market by enabling market participants to respond to current conditions?
- g. How might the reporting requirements differ between regions with organized markets under RTOs and ISOs versus those without organized markets?
- h. Which specifically, of the generator run status data elements could be made available to market participants and which should be withheld due

to their commercial sensitivity. Should some of the data originally held confidentially be released publicly after a set time period?

Comment Procedures

17. The Commission invites interested persons to submit comments on these matters and any related matters or alternative proposals that commenters may wish to discuss. Comments are due **[insert date 60 days after publication in the FEDERAL REGISTER]**. Comments must refer to Docket No. RM05-16-000, and must include the commenter's name, the organization represented, if applicable, and their commenter's address.

18. Comments may be filed electronically via the eFiling link on the Commission's website at <http://www.ferc.gov>. The Commission accepts most standard word processing formats and commenters may attach additional files with supporting information in certain other file formats. Commenters filing electronically do not need to make a paper filing. Commenters unable to file comments electronically must send an original and 14 copies of their comments to: Federal Energy Regulatory Commission, Office of the Secretary, 888 First Street N.E., Washington, DC, 20426.

19. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

Document Availability

20. In addition to publishing the full text of this document in the Federal Register, the Commission provides all interested persons an opportunity to view and print the contents of this document via the Internet through the Commission's Home Page (<http://www.ferc.gov>) and in the Commission's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street, N.E., Room 2A, Washington DC 20426. E-Mail the Public Reference Room at public.referenceroom@ferc.gov or (202)502-8371.

21. From the Commission's Home Page on the Internet, this information is available in its eLibrary. The full text of this document is available in the eLibrary both in PDF and Microsoft Word format for viewing, printing, and downloading. To access this document in eLibrary, type the docket number of this document, excluding the last three digits, in the docket number field.

22. User assistance is available for eLibrary and the Commission's website during normal business hours. For assistance contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866)208-3676, or for TTY, contact (202)502-8659.

By direction of the Commission.

Linda Mitry,
Deputy Secretary.