

FTR Ownership Disclosure

PJM Market Implementation Committee

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The identity of all FTR holders is published publicly by the ISO – in contrast to all other market transactions

FTR Ownership Disclosure -- Introduction

- **Currently all ISO/RTO markets publish the identities of all FTR holders in auction awards**
 - Note: ISO-NE in the process of changing (i.e., November 2014 NEPOOL Markets Committee presentation: “FTR auction results will be posted in aggregate, removing participant level detail”)
- **By contrast, for all other market transactions (e.g., capacity auctions, daily energy auctions, etc...) no data is published involving the specific identification of individual participants.**
- **FTR data publishing protocols date to more than 15 years ago – at a time when competition and markets were first being formed**
 - March 2, 1999 tariff/compliance filing in Docket No. ER99-2028-000. PJM Interconnection, L.L.C., 87 FERC ¶ 61,054 (1999) (conditionally accepting March 2, 1999 compliance filing)
 - Commission initial rationale for current transparency was the belief that publishing participant identities would spur the creation of a secondary market in FTRs (Central Hudson Gas & Electric, Corp., 86 FERC 61,062 at p. 61,231 (1999))



The revealing of market participant identity to FTR transactions is inequitable – and can also lead to inefficient market outcomes

Inequity and Inefficiency

- **The publishing of granular market participant FTR holdings is inequitable**
 - Allows all other market participants to note the positions of any party holding any large FTR position
 - This is in stark contrast to other types of transactions: there is no public data posted regarding company specific capacity, load, generation or virtual market positions
- **The selective disclosure can lead to inefficient market outcomes**
 - Potential anti-competitive behavior
 - Potential for one company to dissect another company's positions and infer potential avenues for gaining unfair competitive advantages (or cause harm to another participant)
- **Company specific FTR positions provide no benefit to the market or consumers**
 - Revealing FTR holder identity does not result in more efficient market outcomes or higher revenues for customers
 - Not necessary for understanding FTR market
 - Does not facilitate trading on market fundamentals
- **Disclosure is no longer necessary to develop secondary markets**
 - FERC initially allowed FTR holder identities to be released because it believed the information could foster a secondary market
 - Exchange traded (secondary) markets now exist and are robust enough to no longer need FTR holder identities
 - The CFTC (primary regulator of secondary markets) generally prohibits the release of company specific identities while releasing other relevant trade details used by the secondary markets



DC Energy advocates for transparency and equity in the power markets – but not FTR ownership disclosure

FTR Owner Disclosure

- **Out of step with information rules in other, analogous markets**
 - CFTC-regulated futures exchanges and swap data repositories are generally prohibited from revealing information that would disclose the business transactions or market positions of any specific person
 - Because revealing such information could cause competitive harm and does not facilitate trading on market fundamentals
- **While FTRs are solely regulated by FERC other related market regulations should be examined and considered**
 - Policy considerations that apply by way of analogy to FTR markets
 - Commodity Exchange Act Sec. 8(a)(1) generally prohibits disclosure of such information
 - Commodity Exchange Act Sec. 2(a)(13)(C)(iii) prohibits the disclosure of such information under Dodd-Frank swap reporting rules -- See CFTC Letter No. 14-134, *Time-Limited No-Action Relief: Further Time Delay for Public Dissemination of Long-dated Brent and WTI Crude Oil Swap and Swaption Contracts Executed by or with Southwest Airlines* (issued Nov. 6, 2014) (delaying swap data reporting requirements in order to protect market participant from detrimental release of information that could be used to surmise the market participant's identity, transactions and positions in certain types of long-term swaps.)
 - SEC-regulated securities exchanges operate on an all-to-all, anonymous basis. The identity, transactions and positions of securities purchasers and sellers are not publicly reported by SEC-regulated exchanges



DC Energy advocates for maintaining transparency into all prices and awards, but protecting the specific identity of all participants

FTR Data Publishing Protocol – Recommendations

- DC Energy recommends ISOs maintain transparency into all prices and awards, but eliminate any specific company identifiers (i.e., **mask**). This maintains all critical elements of transparency
- DC Energy supports and expects that the Independent Market Monitors and FERC should continue to receive confidential detailed market information concerning all ISO market activity, including load, generation, import/export, virtual and FTR transactions by company
- Providing transparent market data (path, quantity and price) but not entity-specific data reduces disruptions in the market while also ensuring relevant transparency.
- **There is no reason that FTRs should not be treated like load and generation for data transparency purposes.**