

June 27, 2014

Via Electronic Filing

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

RE: *Southern Company Services, Inc.*, Docket No. ER09-88-000
Fifth Annual Informational Report of the Independent Auction Monitor

Dear Ms. Bose:

The Brattle Group (“*Brattle*”), as the Independent Auction Monitor (“IAM”) for the Southern Companies’ Day-Ahead and Hour-Ahead Energy Auctions in the Southern Balancing Authority Area (“Auction”), hereby submits its fifth annual informational report (the “Annual Informational Report”).

Consistent with prior annual reports, the Annual Informational Report, attached as Exhibit A, addresses the following: (1) the clearing price for each Auction; (2) the amount of energy offered and sold by each seller (identified by name) in each Auction; (3) the amount of energy bid on and purchased by each buyer in each Auction; (4) any instances where the IAM was unable to verify Southern Companies’ available capacity calculations or inputs; and (5) any instances where issues arose involving availability of or the terms for transmission service needed to accommodate an Auction purchase. The Annual Informational Report is submitted with our best efforts, as economists, to serve the purpose of the IAM as articulated in the Commission’s orders.¹

Brattle is submitting a non-public and a public version of the Annual Informational Report. *Brattle* requests confidential and privileged treatment for the non-public version of the Annual Informational Report in accordance with 18 C.F.R. §§388.107 and 388.112. *Brattle* is authorized to represent that Southern Companies join in this request for confidential and privileged treatment. A justification for the

¹ *Southern Company Services, Inc.*, 125 FERC ¶ 61,316 (2008); *Southern Company Services, Inc.*, 134 FERC ¶ 61,226 (2011).

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PUBLIC VERSION - REDACTED

redactions in the public version of the report has been developed by Southern Companies, and is attached as Exhibit B.

Pursuant to 18 C.F.R. § 388.112(d) and (e), the following individuals should be notified of any request or decision to release the non-public version of the Annual Informational Report or any part thereof and should be given opportunity to comment on any request for release:

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Thank you for your attention to this matter. Please direct any questions concerning this submission to the undersigned.

Respectfully submitted,

/s/Peter S. Fox-Penner

Peter Fox-Penner

Attachments

cc: All Parties (with public version of Exhibit A)

Exhibit A

Independent Auction Monitor's Annual Informational Report

(Public Version - Redacted)

Informational Report for The Southern Companies' Energy Auction

April 24, 2013 to April 23, 2014

PREPARED FOR



THE FEDERAL ENERGY
REGULATORY COMMISSION

SUBMITTED BY

The Brattle Group
Independent Auction Monitor

JUNE 27, 2014

Informational Report
for
The Southern Companies' Energy Auction
April 24, 2013 to April 23, 2014

Docket No. ER09-88-000

June 27, 2014

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The views expressed in this report are those of the authors and do not necessarily reflect the views of The Brattle Group, Inc. or *Van Ness Feldman, LLP*.

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I. Introduction and Overview

This is the fifth annual report reviewing the Southern Companies¹ Day-Ahead Energy (DAE) and Hour-Ahead Energy (HAE) auctions (collectively the “Energy Auctions” or “Auctions”), as administered by their agent Southern Company Services Inc. (“SCS”). It has been prepared by *The Brattle Group (Brattle)*, which serves as the Independent Auction Monitor (IAM). SCS is voluntarily providing this annual informational report to the Federal Energy Regulatory Commission (“FERC” or “Commission”). This Report includes:

- a. the clearing price for each Auction that cleared;
- b. the amount of energy offered and sold by each seller in each Auction;
- c. the amount of energy bid on and purchased by each buyer in each Auction;
- d. instances where the IAM was unable to verify SCS’s Available Capacity calculations or inputs used in those calculations;
- e. instances where issues arose involving the availability or the terms of transmission service needed to accommodate an Energy Auction purchase;
- f. changes in the IAM’s protocols;
- g. any instances in which the IAM has reported complaints regarding the Energy Auction or other serious matters to FERC;
- h. any instances of suspected Energy Auction manipulation or other questionable behavior related to the Energy Auction by any Auction Participant;
- i. confirmation as to whether SCS complied with the Energy Auction Tariff² as relating to the handling of auction participant confidential information; and
- j. confirmation as to whether, in the judgment of the IAM, the Energy Auction is being properly administered in accordance with the Energy Auction Tariff, with due regard for its nature and complexity.

The review period for this informational report is April 24, 2013 through April 23, 2014.³ The rest of the report consists of Sections II through VIII, organized as follows. Section II summarizes the clearing price of each cleared Firm LD and Recallable DAE auction, and each cleared HAE auction. Sections III and IV provide information about the participation of energy auction

¹ Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company and Southern Power Company are referred to collectively as “Southern Companies.”

² Southern Companies’ market-based rate tariff includes several relevant segments: General Tariff Provisions; Rules of the Energy Auction (Auction Rules); Rules on Southern Companies’ Energy Auction Participation (Participation Rules); and Appendices DA-1, DA-2, HA-1 and HA-2 to the Participation Rules. Alabama Power Company Market Based Rate Tariff, Southern’s Tariff Volume No. 4 (last amended effective April 26, 2011). We refer to these documents collectively as “the Tariff.”

³ Throughout this report, we may refer to the current review period as “Year 5,” and to the previous review period, covering the period from April 24, 2012 through April 23, 2013, as “Year 4.”

offerors and bidders, respectively. Section V summarizes significant changes in our monitoring and verification processes since the fourth Annual Report, including the protocols we follow in monitoring the auctions. Section VI summarizes the instances in which SCS did not fully comply with the Tariff. Section VII contains the summary report of the IAM’s legal advisor, Van Ness Feldman, LLP, which assisted in monitoring compliance with the data restrictions contained in the Tariff. Lastly, Section VIII provides our conclusions and a summary of our observations.

A. SUMMARY OF CONCLUSIONS

To the best of our ability to ascertain, and with the specific exceptions identified in this report, we have found that SCS has complied with the requirements of the Tariff throughout the review period. We have found no evidence that SCS has attempted to evade the Tariff requirements or compromise the Auction’s performance, either intentionally or through negligence. We also found no evidence of attempts to manipulate the Auction or other questionable behavior by any auction participant, nor did we receive any complaints regarding the availability or the terms of transmission service needed to accommodate an Energy Auction purchase. Van Ness Feldman’s review of SCS’s compliance with the Tariff’s data restrictions found that SCS has been diligent in its efforts to comply with the Tariff, and found no evidence that SCS marketing function employees had any improper access to confidential third-party bid or offer information. Lastly, we did not receive any complaints relating to the Energy Auctions or discover other serious matters that would have prompted an interim report to the Commission.

II. Clearing Price for each Energy Auction

During the review period, eight DAE auctions cleared (*i.e.*, matched at least one buyer’s bid with at least one seller’s offer), for Firm LD Energy, as described in Table 1. A total of 14.4 GWh cleared through the DAE auction (compared to 1.6 GWh in Year 4), with transaction size ranging from 50 to [REDACTED] for the 16-hour DAE delivery period at a weighted average clearing price of [REDACTED]. There was only one matched bid and offer in each of the cleared DAE auctions, though some of the auctions had additional bids for which there was no match.

Table 1
DAE Cleared Auctions: Clearing Price and Quantity

Delivery Date	Product	Offer MW	Bid MW	Lowest Offer (\$/MWh)	Highest Bid (\$/MWh)	Cleared MW	Clearing Price (\$/MWh)	Winning Bidders	Total Number of Bidders	Winning Offerors
5/6/2013	Firm LD	2,750	250	35.00	36.00	100	35.99		2	
5/7/2013	Firm LD	2,650	250	34.75	36.00	100	34.99		2	
5/8/2013	Firm LD	2,750	100	34.75	35.00	100	34.99		1	
8/30/2013	Firm LD	2,800	150	36.00	37.00	50	36.50		1	
9/13/2013	Firm LD	3,050	150	34.00	35.00	100	34.50		1	
9/16/2013	Firm LD	3,050	150	34.00	35.00	100	34.50		1	
9/17/2013	Firm LD	2,950	400	34.50	35.00	100	34.50		2	
2/5/2014	Firm LD	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	41.00		1	

No Recallable or HAE auctions cleared during the current review period.

III. Energy Auction Offerors

Table 2 lists the 23 registered Auction participants (unchanged from Year 4) for both the HAE and the DAE auctions.

Table 2
Registered Auction Participants

<i>Company Acronym</i>	<i>Company Name</i>
SOCO	Southern Company Services, Inc.
AECI	Associated Electric Cooperative, Inc.
AEM	ArcLight Energy Marketing, LLC
CALPINE	Calpine Energy Services, L.P.
CARGILL	Cargill Power Markets, LLC
CONOCO	ConocoPhillips Company
CONSTELL	Constellation Energy Commodities Group
CPL	Progress Energy Carolinas, Inc
DUK	Duke Energy Carolinas, LLC
EDF	EDF Trading North America, LLC
FEMT	BNP Paribas Energy Trading GP
FPC	Progress Energy Florida, Inc.
JPMVEC	JP Morgan Ventures Energy Corporation
MERRILL	Merrill Lynch Commodities Inc
OPC	Oglethorpe Power Corporation
PPL	PPL EnergyPlus, LLC
REMC	Rainbow Energy Marketing Corporation
SCEG	South Carolina Electric & Gas Company
TEA	The Energy Authority
TENASKA	Tenaska Power Services Co.
TVA	Tennessee Valley Authority
UPP	Union Power Partners, LP
WRI	Westar Energy, Inc.

Only SCS offered hour-ahead energy in the HAE auction, as was the case in Year 4. Also as in Year 4, two participants, including SCS, offered Firm LD Energy in at least one DAE auction. Only SCS offered Recallable Energy, the same as in Year 4.

Table 3 shows the corresponding amount of energy offered into the HAE and DAE auctions by each participant. Across all the auctions, approximately 50.1 TWh of energy was offered, which is two percent more than the amount of energy (49.3 TWh) offered in Year 4.

SCS accounted for the vast majority of offered energy in each of the auctions — over 99.8% of both the DAE and HAE offered energy. There was only one other offeror in the DAE auction and no other offerors in the HAE auction. The average amount offered into the DAE auctions

was [REDACTED] of Firm LD, and [REDACTED] of Recallable Energy; in Year 4, the averages were [REDACTED] and [REDACTED], respectively. For the HAE auction, an average of [REDACTED] was offered; the average for Year 4 was [REDACTED].

Table 3
Cumulative Quantity of Energy Offered in DAE and HAE Auctions (MWh)

Participant	HAE		DAE	
			Firm LD	Recallable
SOCO	33,801,143	(100.00%)	10,885,600 (99.70%)	5,412,000 (100.00%)
CARGILL	0	(0.00%)	[REDACTED]	0 (0.00%)
AEM	0	(0.00%)	[REDACTED]	0 (0.00%)
AECI	0	(0.00%)	[REDACTED]	0 (0.00%)
CALPINE	0	(0.00%)	[REDACTED]	0 (0.00%)
CONOCO	0	(0.00%)	[REDACTED]	0 (0.00%)
CONSTELL	0	(0.00%)	[REDACTED]	0 (0.00%)
DUK	0	(0.00%)	[REDACTED]	0 (0.00%)
EDF	0	(0.00%)	[REDACTED]	0 (0.00%)
FEMT	0	(0.00%)	[REDACTED]	0 (0.00%)
JPMVEC	0	(0.00%)	[REDACTED]	0 (0.00%)
MERRILL	0	(0.00%)	[REDACTED]	0 (0.00%)
OPC	0	(0.00%)	[REDACTED]	0 (0.00%)
PPLE	0	(0.00%)	[REDACTED]	0 (0.00%)
CPL	0	(0.00%)	[REDACTED]	0 (0.00%)
FPC	0	(0.00%)	[REDACTED]	0 (0.00%)
REMC	0	(0.00%)	[REDACTED]	0 (0.00%)
SCEG	0	(0.00%)	[REDACTED]	0 (0.00%)
TENASKA	0	(0.00%)	[REDACTED]	0 (0.00%)
TVA	0	(0.00%)	[REDACTED]	0 (0.00%)
TEA	0	(0.00%)	[REDACTED]	0 (0.00%)
UPP	0	(0.00%)	[REDACTED]	0 (0.00%)
WRI	0	(0.00%)	[REDACTED]	0 (0.00%)
Total	33,801,143		10,918,400	5,412,000

* Figures in parentheses show percent of total energy offered

IV. Energy Auction Bidders

Table 4 shows the MWh quantities of energy bids by each participant in the HAE and DAE auctions. SCS was the only participant who bid into the HAE auction. In the DAE auctions, three participants bid into at least one Firm LD auction, and no participant bid for Recallable Energy. (For comparison, in Year 4, two participants submitted bids in at least one HAE auction, two for Firm LD, and none for Recallable Energy.)

Across all the auctions, approximately 2.1 TWh of energy bids were submitted, with 71% of this volume submitted through the HAE auctions. SCS accounted for over 90% of bid volume in the DAE auctions, and 100% of all bids in the HAE auctions. The average amount of energy bid into

Protocol III — Monitoring SCS’s bilateral transactions into Southern during the Energy Auction bid periods

Protocol IV — Monitoring of SCS’s unit outage data

Protocol V — Verifying DAE Available Capacity calculations and the associated Seller Offer Prices (SOP), as well as the final SOP curve submitted to OATI

Protocol VI — Verifying the HAE Residual Supply Curve (RSC) calculations and the associated SOPs, as well as verification of the final SOP curve submitted to OATI

Protocol VII — Verifying SCS’s compliance with the Tariff regarding the treatment of cleared Recallable Energy, when applicable

Protocol VIII — Verifying Energy Auction clearing, when applicable

Protocol IX — Assessing availability of transmission services for energy sold in the Energy Auction

Protocol X — Monitoring of third-party Energy Auction participants

Our protocols are living documents that are modified as needed. In Year 5, there were very few changes to our protocols, as shown in Table 5. In the remainder of this section we explain the two significant changes. In the interest of brevity, only the changes to our protocols since our fourth Annual Report are discussed here.

Table 5
Summary of Changes to IAM Protocols in Year 5

<i>Protocol</i>		<i>Changes in Year 5</i>
I.	Load Forecasting	No changes
II.	Load Forecasting Uncertainty	Updated LFU percentages
III.	Purchases and Sales	No changes
IV.	Outages	No changes
V.	DAE Available Capacity and SOP Verification	No changes
VI.	HAE Available Capacity and SOP Verification	Updates to verification software
VII.	Recallable Energy Verification	No changes
VIII.	Auction Clearing Price Verification	No changes
IX.	Assessment of Transmission Services for Energy Auction Purchases	No changes
X.	Monitoring of Third Party Participants	No changes

Protocol II— Load Forecast Uncertainty (LFU) Protocol

As in previous years, SCS performed an annual revision of LFU percentage values for use in the DAE auction, taking effect on October 1, 2013. We independently verified these values, which are summarized in Appendix C, and have incorporated them into our daily monitoring.

Protocol VI – Hour-Ahead Available Capacity Verification

During Year 5, SCS implemented changes to the optimization tools responsible for unit commitment; these affected some of the data files Brattle uses for HAE auction verification. While the implementation was a complex process, SCS endeavored to keep Brattle informed of the status of the implementation and to communicate changes in advance so that Brattle would be able to adjust its monitoring processes and tools as necessary. SCS documented the changes in the structure of the daily data transfers, provided Brattle with test data, and took precautions in implementing this new system to limit the changes that would affect Brattle’s monitoring. One of the changes was to provide additional information on the reason for unit unavailability in the HAE auction; this additional detail helps to simplify Brattle’s monitoring process.

The changes were implemented smoothly, and Brattle did not observe a significant increase in data problems or in non-compliance as a result of the switchover.

VI. Results of Monitoring

During the current review period, our daily and periodic monitoring activities revealed 10 instances of noncompliance, summarized by type of issue in Table 6 below. Of these 10 instances, we were unable to fully verify SCS’s Available Capacity calculations or the inputs used in those calculations in six cases. Four additional events involved noncompliance with the Tariff, including the premature closing of the DAE auction, late posting of auction clearing prices, a delayed submission of the DAE offer curves, and a delay in the posting of historical bid and offer data. We briefly describe each of these 10 noncompliant events below. For more detail on these issues, see the issue tracking forms included in Appendix B. None of these 10 instances affected the outcome of the auction(s) involved – in most cases this was because there were no third-party bids into the relevant auction(s).

Table 6
Instances of Noncompliance in Year 5

<i>Type of Issue</i>	<i>Period Affected</i>
Day-Ahead Capacity Calculation Discrepancies	
CT unit outage discrepancy	DAE auction for 9/11/2013
Start-up cost discrepancies for select contracted units	1/7/2014-1/8/2014; 1/22/2014-1/24/2014; 1/27/2014-1/31/2014
Unit commitment discrepancy in DAE auction	4/4/2014
Hour-Ahead Capacity Calculation Discrepancies	
Exclusion of certain CTs from HAE auction due to SCS data setup error	6/1/2013 - 7/11/2013
Exclusion of certain CTs from HAE auction due to software error	10/17/2013 HB ⁴ 21, 10/25/2013 HB7
Premature implementation of VOM cost update in HAE auction	12/20/2013 HB19 - 12/31/2013 HB23
Other Noncompliant Events	
DAE auction for 11/13/2013 closed and cleared prematurely	DAE auction for 11/13/2013
Late posting of auction clearing prices for three DAE auctions in May 2013	DAE auctions for 5/3/2013, 5/6/2013, 5/7/2013
Late submission of DAE offer curves	DAE auctions for 12/24/2013
Late posting of July 2013 historical bid/offer data	Data posting deadline: 1/31/2014

⁴ “HB” refers to hour beginning.

A. DAY-AHEAD CAPACITY CALCULATION DISCREPANCIES

For the vast majority of DAE auctions, we were able to corroborate that SCS's calculation of DAE Available Capacity was in full compliance with the Tariff. In Year 5, we observed three noncompliant events related to the calculation of day-ahead Available Capacity (as compared with two in Year 4). The first instance was discovered during Brattle's quarterly outage review, and consisted of a combustion turbine that was incorrectly labeled as outaged for the purposes of the DAE auction. The unit was scheduled for an outage which was later cancelled, [REDACTED]

[REDACTED] treated the unit as outaged and incorrectly excluded the unit from the DAE auction for delivery on 9/11/2013.

The second noncompliant event concerning the DAE auction was related to the start-up cost included in the DAE offer prices. This issue affected [REDACTED] contracted units in 10 DAE auctions between January 7, 2014 and January 31, 2014. The affected units are controlled by SCS under a contract [REDACTED]

[REDACTED] As a result, the SOP for the units in question was about 6% higher on average than allowed by the Tariff.

The third noncompliant event affecting DAE auctions consisted of the improper exclusion of a combustion turbine that was flagged by SCS as [REDACTED]. SCS confirmed that the unit in question was excluded from the DAE auction because it was incorrectly labeled as being committed for two hours of the delivery period. SCS explained that, after investigation, the unit in question was not excluded from the auction [REDACTED], but was inadvertently excluded by the system. During the investigation of the issue, SCS personnel learned that a computer server failover had occurred contemporaneously with the [REDACTED] computer runs. SCS was unable to replicate the issue, but concluded that the server problem may have been the cause of the unit being excluded from the delivery period. The result was that [REDACTED] was excluded from the DAE offers on April 4, 2014.

B. HOUR-AHEAD CAPACITY CALCULATION DISCREPANCIES

As was the case for the DAE auctions, we were able to replicate and validate the vast majority of SCS's HAE offers in Year 5, with the exception of the three instances of noncompliance discussed below. In the first noncompliant event, SCS incorrectly excluded the capacity of two combustion turbines from 322 HAE auctions between June 1, 2013 and July 11, 2013. Due to contractual limitations, [REDACTED] and are thus not available for the HAE auction [REDACTED]. These units are, however, available for the HAE auction [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] This oversight was immediately corrected upon Brattle's inquiry on July 11, 2013. Brattle conducted an analysis of the affected auctions, and found that of the 975 auctions held between HBO on 6/1/13 and HB14 on 7/11/13, the available capacity [REDACTED] was incorrectly excluded from 321 and 315 HAE auctions, respectively.

In the second instance of noncompliance, SCS excluded a total of [REDACTED] of available capacity from each of the HAE auctions for delivery on 10/17/2013 HB21 and 10/25/2013 HB7. On 10/24/2013, Brattle notified SCS of a discrepancy in the offered capacities of two combustion turbine units that had [REDACTED] of available capacity, but only 25 MW of each unit was offered into the HAE auction on 10/17/2013 HB21. SCS explained that a technical error caused the software tool to incorrectly offer only the capacity between the units' minimum and maximum ratings rather than their full output. On 11/21/2013, Brattle informed SCS about similar discrepancies affecting the HAE auction for delivery on 10/25/2013 HB7. SCS confirmed that these discrepancies were caused by the same technical issue, and that a fix was implemented in the afternoon of 10/25/2013.

The third issue was related to the submission of offer prices that were higher than those allowed by the Tariff, and affected 262 HAE auctions between 12/20/2014 HB19 and 12/31/2013 HB23. The VOM cost parameters used for the calculation of offer prices in the HAE auction were prematurely updated starting on 12/20/2013 HB 19, rather than taking effect on 1/1/2014. This resulted in a number of units offered at SOPs that were higher than those allowed by the Tariff. SCS explained that on 12/20/2013, in the process of updating the VOM in the system database for the upcoming year, a programming error caused the incorrect VOM costs to be utilized on the days in question. This issue resulted in offers above the SOP cap allowed by the Tariff, affecting 11 units for a period of 262 hours between 12/20/2013 HB19 and 12/31/2013 HB23.

The number of noncompliant events involving hour-ahead available capacity calculations was one greater in Year 5 than in Year 4.

In addition to these noncompliant events, SCS excluded a number of units from 33 HAE auctions on January 7 and January 8, 2014 (a total of 24 combustion turbine units were involved, and in any individual hour, the amount of capacity excluded ranged from 5 to 634 MW). These units were excluded because their primary fuel (natural gas) was unavailable, though the units had a limited quantity of their secondary or backup fuel (oil) available onsite. This issue is ambiguous and depends on the interpretation of the Tariff regarding units that are able to operate on more than one type of fuel. In practice, it arises in the context of combustion turbines whose primary fuel is natural gas, but are also able to run on oil as a secondary or backup fuel. The question is

whether the Tariff requires SCS to offer these units into the auction on oil when natural gas is unavailable.

SCS has explained that it reserves the right to not offer capacity from units operating on backup fuel into the auction, since a unit operating on backup fuel represents a constrained fuel resource, the capacity of which is reserved for native load customers for reliability of supply purposes. (SCS differentiates between backup fuel vs. secondary fuel in its operations, though this distinction is not visible in the data provided to Brattle.) The days in question occurred during a period of extreme cold weather when temperatures in SCS's footprint fell to historic lows and demand reached near-record levels. Brattle finds the Tariff to be ambiguous regarding whether and under what circumstances SCS is obliged to offer a unit into the auction on its secondary or backup fuel when its primary fuel is unavailable (in the absence of any other identified reason for exclusion). Brattle previously discussed this issue with SCS and the Commission Staff, and Brattle and SCS have requested clarification from Staff.

C. OTHER NONCOMPLIANT EVENTS

A total of four other noncompliant events occurred during Year 5. The first of these was the premature closing and clearing of the DAE auction for delivery on 11/13/2013, which closed approximately 16 hours early at 2:37 PM on 11/11/2013, instead of 6:45 AM on 11/12/2013 (i.e. one business day prior to delivery) as prescribed by the Tariff. SCS explained that the premature closing occurred due to an OATI webMarket system update. The system update was scheduled during the DAE bid period, and it caused the auction to close early. SCS noted that this event was unforeseen by OATI, and it was outside the control of either SCS or the Independent Auction Administrator and was therefore considered an event of Force Majeure, whereby SCS is excused from noncompliance as described in Section 6 of the Participation Rules. Because the auction closed and cleared early, any third-parties attempting to submit bids may have been unable to do so. No third-party bids had been submitted by the time the auction closed prematurely, however, and Brattle received no indication that any third-parties attempted to submit bids but were unable to (i.e., we were not contacted by any third-parties about such an incident).

Another issue was related to the late posting of auction clearing prices for three DAE auctions in May 2013. On May 7, 2013, SCS notified Brattle that the clearing prices for the DAE auctions for delivery on May 6, 7, and 8 had not been posted to the Southern Company website according to the Tariff requirements. According to Section 4.2.2.2 of the Auction Rules, the DAE clearing prices must be published within fifteen (15) minutes of the close of the DAE Bid Period. The clearing prices were posted on 5/8/2013. SCS explained that it had recently overhauled its website, and in that process, their automated clearing price posting procedures failed. SCS regards this as an instance of Force Majeure.

The third noncompliant event was the late submission of offer curves for the DAE auction for delivery on 12/24/2014. On January 2, 2014, SCS notified Brattle that due to an administrative oversight, the Offer Curves for the 12/24/2013 DAE Auction were not submitted prior to 5:45 AM on 12/23/2014 as prescribed by the Tariff. SCS explained that on Friday, 12/20/2013, [REDACTED] was under the mistaken impression that 12/24/2013 was a NERC Holiday. Because of this, they did not post DAE auction Offer Curves at the opening of the bid period on 12/20/2013. The following Monday, 12/23/2013, they made an attempt to get the offers posted by the 5:45 AM deadline but were unable to do so. The DAE Offer Curves were posted at 6:40 AM on 12/23/2013, which was still prior to the closing of the Bid Period, preventing any potential impact on the outcome of the auction. The late submission of DAE Offer Curves constitutes a noncompliance with respect to Section 4.1.1 of the Participation Rules.

The fourth noncompliant event in Year 5 was a failure to post historical bid and offer data for July 2013 by the end of January 2014. According to Section 4.2.4 of the Auction Rules, “By the end of each calendar month, the Auction Administrator will post all Bid Information and Offer Information for such Energy Auctions that occurred during the sixth months prior to that calendar month....” On February 3, 2014, SCS notified Brattle that due to an administrative oversight that may have resulted from an email glitch, SCS did not post the historical bid and offer data corresponding to the auctions in July 2013 by the end of January 2014. Instead the data was posted on February 3, 2014.

VII. Legal Advisor’s Report on Compliance with Data Restrictions

The law firm of Van Ness Feldman, LLP (“Van Ness Feldman”) reviewed SCS’s compliance with the Tariff’s data restrictions related to confidential bid and offer information. Van Ness Feldman reports on its review in this Section.

The Tariff’s data restrictions related to the Energy Auction are contained in the Auction Rules and the Participation Rules. The current versions of these rules became effective on April 26, 2011,⁵ and covered the entire review period of April 24, 2013 through April 23, 2014).

A. TARIFF REQUIREMENTS ON HANDLING OF BID AND OFFER DATA

The Tariff contains express requirements on the handling of third-party bid and offer information. Bid Information is defined as “[t]he prices, terms, and conditions under which a

⁵ Alabama Power Company Market Based Rate Tariff, Southern’s Tariff Volume No. 4 at Record D, Rules of the Energy Auction, 1.0.0 (effective Apr. 26, 2011), and at Record E, Rules on Southern Companies’ Energy Auction Participation, 1.0.0 (effective Apr. 26, 2011). The current version of the Tariff’s data restrictions were accepted by FERC on April 2, 2012. Letter Order, Docket No. ER11-3429-000 (Apr. 2, 2012) (“April 2 Letter Order”).

Bidder offers to purchase Energy through the DAE Auction or HAE Auction.”⁶ Offer Information is defined as “[t]he prices, terms, and conditions under which an Offeror offers to sell Energy through the DAE Auction or HAE Auction.”⁷

The Tariff’s Auction Rules provide:

3.5 All Bid Information and Offer Information submitted to the Auction Administrator shall be used by the Auction Administrator only for auction administration and audit purposes.⁸

Section 2.1B(b) of the Participation Rules provides that the SCS Auction Administrator may access confidential third-party bid or offer information under prescribed circumstances. Only SCS employees in one of three specified positions may serve as Auction Administrator.⁹

The SCS Auction Administrator may access confidential third-party bid or offer information as follows:

(b) Southern Companies, through the Auction Administrator, shall retain the right to access Bid Information, Offer Information, and other transaction-related information of Energy Auction participants other than Southern Companies to the extent such access is necessary to respond to questions or complaints about a particular Auction or to comply with the posting requirements of Section 4.2.4¹⁰ of the Auction Rules.¹¹

Section 2.1B of the Participation Rules further requires that:

(d) Any information accessed by Southern Companies’ Auction Administrator personnel pursuant to Section 2.1B(b) will be stored in a secure physical or electronic location. Southern Companies will report any such access: (a) to the Independent Auction Administrator promptly upon its occurrence and (b) to the Independent Auction Monitor within one (1) business day of its occurrence. The

⁶ Auction Rules § 2.4.

⁷ *Id.* § 2.41.

⁸ *Id.* § 3.5.

⁹ Participation Rules § 2.1.

¹⁰ Section 4.2.4 of the Auction Rules provides for the Auction Administrator to post each month all bid and offer information for the month six months prior, subject to protecting confidentiality of the identity of the offerors and bidders. Auction Rules § 4.2.4.

¹¹ Participation Rules § 2.1B(b).

Independent Auction Administrator will document any such access and maintain related documentation.¹²

The Participation Rules contain the following additional requirements with respect to access to confidential bid and offer information:

2.2 Those employees of Southern Companies directly engaged in wholesale electricity marketing and trading shall not have access to Bid Information or Offer Information for any purpose (except to the extent such information is made available pursuant to Auction Rules Section 4.2.4).¹³

2.3 In order to ensure that Bid Information and Offer Information is maintained in a manner consistent with the foregoing paragraphs, Southern Companies shall impose internal data control restrictions consistent with those used for Standards of Conduct compliance.¹⁴

B. FIFTH ANNUAL REVIEW

Van Ness Feldman’s fifth annual review was conducted in May and June of 2014. In conducting this review, Van Ness Feldman propounded written inquiries and requests for documents. In addition to reviewing documents and written responses to questions produced by SCS, Van Ness Feldman conducted telephone interviews with the two SCS employees who served as SCS Auction Administrator during the review period. Van Ness Feldman also conducted a phone interview with representatives of TranServ International, Inc. (“TranServ”), SCS’s Independent Auction Administrator.¹⁵ The TranServ personnel interviewed were the company’s president and the two employees who have lead responsibility for the independent auction administrator functions.

As in prior years, SCS has been fully cooperative during this annual review, answering questions and providing documents, making its employees available for interview, and timely providing follow-up information. TranServ has also been cooperative in making its president and employees available for interview.

¹² *Id.* § 2.1B(d).

¹³ *Id.* § 2.2.

¹⁴ *Id.* § 2.3.

¹⁵ TranServ performs its independent auction administration functions from Minneapolis, Minnesota.

C. FINDINGS

The review conducted by Van Ness Feldman found that SCS has continued to be diligent in its efforts to comply with the Tariff’s requirements related to confidential bid and offer information. Findings on specific Tariff requirements are detailed below.

1. Position of Auction Administrator

The Tariff provides that only SCS employees holding one of three positions specified in Section 2.1 of the Participation Rules may serve as an Auction Administrator.

During the review period, two SCS employees served as an SCS Auction Administrator. Specifically, one SCS employee who had served as SCS Auction Administrator since the position was established continued in that role through February 2014, when he moved to a different position within the company. This former SCS Auction Administrator’s new role is not a marketing function role.

SCS designated a new SCS Auction Administrator in February 2014. The new SCS Auction Administrator is an SCS employee who had previously provided support to the prior SCS Auction Administrator. The new SCS Auction Administrator was designated as an authorized user of the “webMarket” energy auction system, with auction administration status, on February 13, 2014.¹⁶ The webMarket access of the prior SCS Auction Administrator was terminated on February 24, 2014.

Both SCS employees who served as SCS Auction Administrator during the review period are “Project Managers,” as that term is used in Section 2.1,¹⁷ and thus were eligible to serve in the role of SCS Auction Administrator under the Tariff.

2. Access to Confidential Bid and Offer Information

The Tariff provides that “[a]ll Bid Information and Offer Information submitted to the Auction Administrator shall be used by the Auction Administrator only for auction administration and audit purposes.”¹⁸ Neither SCS employee who served as Auction Administrator during the review period had occasion to access confidential third-party bid or offer information via webMarket during the review period. The only reported handling of confidential third-party bid or offer information was in connection with review of the draft annual report in June of 2013, and the monthly receipt and posting of historic bid and offer information.

¹⁶ “webMarket” is the software program through which the Auction is administered. Numerous SCS marketing and trading employees use webMarket in connection with SCS’s participation in the Auction. Only a user with “Auction Administrator” rights can access confidential bid or offer information of a third party.

¹⁷ Participation Rules § 2.1.

¹⁸ Auction Rules § 3.5.

The review indicates that the SCS Auction Administrators logged into the webMarket auction software, through which confidential bid or offer data can be accessed, on 25 occasions on 10 different days during the review period.¹⁹ All but one of these instances involved the former SCS Auction Administrator who served from the beginning of the review period until February 2014. The former SCS Auction Administrator explained the reasons for accessing webMarket, which included responding to written inquiries and requests for documents from Van Ness Feldman related to its fourth annual review in 2013, responding to inquiries from Brattle regarding auction-related questions and compliance with the applicable auction rules, research for a presentation on the auction, investigation on the functioning of the OATI auction software, and research on SCS auction participation. The former SCS Auction Administrator reports that in none of these instances did he access confidential third-party bid or offer information. The new SCS Auction Administrator reports that he accessed webMarket only once during the review period, to confirm in February 2014 that his newly assigned user ID and password allowed him access.

Section 2.1B(b) of the Participation Rules provide that SCS, through the SCS Auction Administrator, may access confidential third-party bid or offer information “to respond to questions or complaints about a particular Auction or to comply with the posting requirements of Section 4.2.4 of the Auction Rules,” the provision relating to publicly posting certain bid and offer information after six months.²⁰ Section 2.1B(d) provides that SCS must report instances where the SCS Auction Administrator accessed confidential bid or offer information “(a) to the Independent Auction Administrator promptly upon its occurrence and (b) to the Independent Auction Monitor within one (1) business day of its occurrence.”²¹

There was only a single report made under Section 2.1B(d) during the review period. Specifically, the SCS Auction Administrator reported as follows to the Independent Auction Administrator and Independent Auction Monitor on June 17, 2013, in connection with review of a draft of the annual report for accuracy and completeness:

¹⁹ This figure represents a modest uptick from the prior review period, in which the SCS Auction Administrator accessed webMarket 15 times. However, it is consistent with a general pattern of significantly reduced instances of access to the program by the SCS Auction Administrator since TranServ began serving as Independent Auction Administrator in early 2010: Between March of 2010 and January of 2011, the SCS Auction Administrator logged into webMarket 77 times. Between February of 2011 and April of 2012, the SCS Auction Administrators logged into webMarket 25 times. Between May 2012 and April 23, 2013, the SCS Auction Administrator logged into webMarket 15 times. It is important to note that logging into webMarket does not mean that the SCS Auction Administrator viewed confidential bid or offer data, but only that he could have viewed such data.

²⁰ Participation Rules § 2.1B(b).

²¹ *Id.* § 2.1B(d).

In compliance with Section 2.1B(d) of the Southern Company Participation Rules to the Energy Auction, I am notifying you that The Independent Auction Monitor (Brattle) has requested that Southern Company review its confidential draft of the Fourth Energy Auction Annual Report for completeness and accuracy. Southern Company individuals who will be reviewing this information will include myself and Wayne Moore. Section 2.1B(d) requires Southern to notify both Brattle and the IAA. The same rules require the IAA to document and log such access for future reference.

As SCS indicated, the then-current SCS Auction Administrator and SCS's Vice President and Operations Compliance Officer (to whom the SCS Auction Administrator reported) reviewed drafts of the 2013 Report. The confidential version of the 2013 Report contains limited third-party bid and offer information.²²

Section 2.1B(d) of the Participation Rules requires that access to confidential bid or offer information be reported to the Independent Auction Administrator "promptly upon its occurrence," and to the Independent Auction Monitor within one business day. SCS timely made the required reports.²³ The use of a single report to cover the draft review process is consistent with the purposes of the Tariff.

As mentioned above, SCS's Vice President and Operations Compliance Officer was involved in the review of the draft 2013 Report, as he was in past years. Section 2.1B(b) of the Participation Rules provides that "Southern Companies, through the Auction Administrator, shall retain the right to access Bid Information [and] Offer Information" for limited purposes. SCS understands the clause "through the Auction Administrator" to be limiting, such that *only* the SCS Auction Administrator may access confidential bid or offer information on behalf of SCS pursuant to Section 2.1B(b). However, SCS interprets the "access" referred to in Section 2.1B(b) to be limited to access to confidential bid or offer information through the webMarket system used to conduct the energy auction, and not to include review of drafts of the Independent Auction Monitor's annual report at the request of the Independent Auction Monitor. In practice, the review of the

²² In the confidential version of the 2013 Report, Table 1 contains the details of a cleared auction for Firm LD Energy, including the date, the identity of the bidder and offeror, the bid price and quantity and the offered price and quantity, and Tables 3 and 4 contain annualized summaries of the quantities bid and offered by identified market participants. The confidential data are redacted in the public version of the 2013 Report.

²³ The Independent Auction Monitor provided the draft report to the SCS Auction Administrator and Vice President and Operations Compliance Officer for review on the afternoon of June 14, 2013, and the required reports to the Independent Auction Administrator and Independent Auction Monitor were made on the morning of the next business day (June 17).

draft report for accuracy is helpful to the Independent Auction Monitor and does not appear to create any increased risk of problematic use or disclosure of confidential data.²⁴

The Independent Auction Administrator has continued to convey to the SCS Auction Administrator certain historical confidential bid and offer information for the purpose of posting such data on the Southern Company website.²⁵ This transfer is made on or about the 23rd of each month, with respect to the sixth month prior. This is to enable SCS to comply with the Tariff's requirement that by the end of each month, SCS must post bid and offer data (without identification of the bidder or offeror) for the sixth month prior.²⁶ SCS Auction Administrator access to data for this purpose is expressly allowed under the Tariff.²⁷ This routine access is not specifically reported under Section 2.1B(d) of the Participation Rules.

3. Secure Storage of Confidential Bid and Offer Information

Confidential bid or offer information accessed by the Auction Administrator must be “stored in a secure physical or electronic location.”²⁸ SCS reports that while there is a designated, physically-secure location for the storage of confidential bid and offer information, physical records have not been created.

SCS reports that it currently has no electronic records of confidential third-party bid or offer data. In prior annual reviews, SCS reported that certain historic bid and offer data from the first year of the auction resided in electronic format in a protected location on the SCS computer system. SCS Auction Administrators had used these data in connection with testing during the early development of the Energy Auction,²⁹ and for analysis of the Independent Auction Monitor's First Annual Report. SCS reports that these electronic data were deleted early in this review period.

²⁴ The Participation Rules provide that “[t]hose employees of Southern Companies directly engaged in wholesale electricity marketing and trading shall not have access to Bid Information or Offer Information for any purpose,” and that SCS “shall impose internal data control restrictions consistent with those used for Standards of Conduct compliance.” Participation Rules §§ 2.2, 2.3. Review of the draft 2013 Report by the Vice President and Operations Compliance Officer is not inconsistent with these requirements.

²⁵ Historical bid and offer information is posted at: <http://www.southerncompany.com/about-us/our-business/energy-auction/historical.cshtml>.

²⁶ Auction Rules § 4.2.4.

²⁷ Participation Rules § 2.1B(b).

²⁸ *Id.* § 2.1B(d).

²⁹ TranServ, and not SCS, is now responsible for testing software updates. TranServ performs such testing in a “development environment,” without the use of actual bid or offer data.

The two SCS employees who reviewed the draft 2013 Report—the SCS Auction Administrator and the Vice President and Operations Compliance Officer—report that they have not retained electronic or physical copies of the draft 2013 Report or the final confidential 2013 Report.

4. Prohibition on Marketing and Trading Employee Access to Confidential Bid and Offer Information

The Tariff provides that “[t]hose employees of Southern Companies directly engaged in wholesale electricity marketing and trading shall not have access to Bid Information or Offer Information for any purpose (except to the extent such information is made [publicly] available to auction participants pursuant to Section 4.2.4).”³⁰ Van Ness Feldman interviewed the two SCS Auction Administrators, reviewed emails from the SCS Auction Administrator to SCS marketing employees during two one-month sample periods, and reviewed a listing of the webMarket access rights available to all SCS employees. Van Ness Feldman found no evidence that SCS marketing or trading employees received third-party bid or offer information in violation of the Tariff, or that they had improper access to such information.

5. Other Internal Data Control Restrictions Consistent with Standards of Conduct

The Tariff provides that “[i]n order to ensure that Bid Information and Offer Information is maintained in a manner consistent with the [Tariff], Southern Companies shall impose internal data control restrictions consistent with those used for Standards of Conduct compliance.”³¹

Access to third-party bid and offer data on the webMarket system is available only to those individuals who are designated on webMarket as Auction Administrators (or Independent Auction Monitors). Only two SCS employees were designated as Auction Administrator on the webMarket system during the review period, and neither one is a marketing or trading function employee. As described above, SCS has retained no third party bid and offer information in physical or electronic form.

The transfer of many auction administration functions to an Independent Auction Administrator operating from access-restricted offices in Minneapolis, Minnesota, has substantially reduced any risk of inadvertent disclosure to SCS trading or marketing employees. Indeed, the SCS Auction Administrators did not access confidential third-party bid and offer data on webMarket during the review period. The only handling of confidential third-party bid and offer information related to review of the draft 2013 Report at the request of the Independent Auction Monitor, and receipt of historical bid and offer information from the Independent Auction Administrator for posting.

³⁰ Participation Rules § 2.2.

³¹ *Id.* § 2.3.

The SCS Auction Administrator continues to be located on SCS’s trading floor. In October 2013, the then-current SCS Auction Administrator’s physical location was moved in connection with a renovation of the SCS trading floor, so that instead of being in the corner of the floor, he was located along one side of the space. The SCS employee who would become the new Auction Administrator was stationed in the adjacent cubicle. In May 2014, shortly after the conclusion of the review period, the new SCS Auction Administrator was again moved to a location on the trading floor that is closer to marketing and trading function personnel. Both SCS Auction Administrators reported that if there was a need to access confidential bid or offer information on webMarket, they would do so at a specific workstation on the second floor, in an office space where marketing function personnel do not have physical access. Further, the new SCS Auction Administrator reports that he plans to use this secure location any time he accesses webMarket for any purpose. Given the increased proximity of the current SCS Auction Administrator’s cubicle to the cubicles of marketing and trading function personnel, this practice of accessing webMarket only from the second floor workstation that is not accessible to marketing function employees is an appropriate safeguard.

The SCS Auction Administrator Protocol provides that “[t]he Auction Administrator and all personnel undertaking wholesale electricity marketing and trading activities for Southern Companies shall be familiar with this Auction Administrator Protocol and the data control restrictions set forth in this section.”³² Our interviews with the former SCS Auction Administrator indicated that he was very well versed in the data control restrictions. The new SCS Auction Administrator indicated that in connection with assuming the role of Auction Administrator he had reviewed various controlling documents including the Tariff, the SCS Auction Administrator Protocol, and certain SCS auction administration procedures.³³ The new SCS Auction Administrator, and 17 marketing and trading employees, also received training during the review period that included the confidentiality requirements pertaining to bid and offer data. Further, the new SCS Auction Administrator participated in training conducted by TransServ for its employees.

Van Ness Feldman found that SCS has taken reasonable steps to ensure that marketing function employees do not have access to third-party bid and offer information consistent with the requirements of § 2.3 of the Participation Rules.

³² Energy Auction: Auction Administrator Protocol § 1.3 (undated).

³³ Procedures for Southern Company Energy Auction Administrators, Version 2.0 (June 2011).

6. Summary of Findings

Based on its review, Van Ness Feldman found that SCS has continued to be diligent in its efforts to comply with the requirements related to confidential bid and offer information contained in the Tariff. Van Ness Feldman further found no evidence that SCS marketing function employees had any improper access to confidential bid or offer information.

VIII. Conclusion

We have monitored SCS's participation in the Energy Auctions and compliance with the Tariff during the fifth annual review period, April 24, 2013 through April 23, 2014. This report documents each instance during the review period where we have found that SCS's administration of the Auctions and its offers into the Auctions did not occur in full compliance with the Tariff. To the best of our ability to ascertain, and with the specific exceptions identified in this report, we have found that SCS has complied with the requirements of the Tariff throughout the review period. We have found no evidence that SCS has attempted to evade the Tariff requirements or compromise the Auction's performance, either intentionally or through negligence. We also found no evidence of attempts to manipulate the auction or other questionable behavior by any auction participant, nor did we receive any complaints regarding the availability or the terms of transmission service needed to accommodate an Energy Auction purchase. Van Ness Feldman's review of SCS's compliance with the Tariff's data restrictions found that SCS has been diligent in its efforts to comply with the Tariff, and found no evidence that SCS marketing function employees had any improper access to confidential third-party bid or offer information. Lastly, we did not receive any complaints relating to the Energy Auctions or discover other serious matters that would have prompted an interim report to the Commission.

SCS has provided the data and information necessary for us to adequately monitor its participation in the Auctions, and has given us access to its personnel as we have requested. Those instances identified in this report where SCS did fail to comply fully with specific Tariff provisions appear to be the result of unintentional technical and administrative errors or system failures. It is probably unrealistic to expect that a complex administrative process such as the Auction, which is overlaid on the even more complex process of managing SCS's power system, could be implemented perfectly, without any errors.

Auction participation by third-parties, both as bidders and offerors, has remained low this review period. The frequency of auction clearing has actually increased slightly, with eight DAE auctions clearing in Year 5 (as in Year 4, no HAE auctions cleared). The frequency of non-compliant events does not appear to differ meaningfully from previous review periods.

Since the fourth Annual Report, our basic monitoring philosophy and practices have not changed, though we have continued to update our monitoring process to improve the quality of monitoring and streamline the workflow, and to accommodate changes in SCS's processes and the Commission's guidance. We appreciate the Commission's continued confidence in our role as the Independent Auction Monitor, and we look forward to receiving the Commission's feedback and guidance in the coming year.

APPENDIX A

IAM PROTOCOLS

This appendix contains our complete set of protocols. IAM protocols are living documents that are updated periodically as we gain experience in our monitoring role. This appendix includes the current version of each protocol, but we keep older versions on file, and will be able to provide them to the Commission, if requested.

Protocol I – Load Forecasting..... A-1

Protocol II – Load Forecast Uncertainty A-8

Protocol III – Purchases and Sales A-15

Protocol IV – Outages..... A-25

Protocol V – Day-Ahead Available Capacity and Seller Offer Prices Verification..... A-29

Protocol VI – Hour-Ahead Available Capacity and Seller Offer Prices Verification A-39

Protocol VII – Recallable Energy Verification..... A-45

Protocol VIII – Auction Clearing Price Verification..... A-52

Protocol IX – Assessment of Transmission Services for Energy Auction Purchases..... A-61

Protocol X – Monitoring of Third Party Participation in the Southern Company Energy Auction..... A-62

THE REMAINDER OF THIS APPENDIX IS REDACTED

**APPENDIX B
IAM ISSUE TRACKING FORMS**

I. DAY-AHEAD CAPACITY CALCULATION

[REDACTED] . B-1
[REDACTED] . B-2
[REDACTED] . B-4

II. HOUR-AHEAD CAPACITY CALCULATION

[REDACTED] . B-6
[REDACTED] . B-8
[REDACTED] B-10

III. OTHER NON-COMPLIANT EVENTS

[REDACTED] B-12
[REDACTED] B-14
[REDACTED] B-16
[REDACTED] B-18

THE REMAINDER OF THIS APPENDIX IS REDACTED

Appendix C LOAD FORECASTING UNCERTAINTY PERCENTAGES

This appendix contains the load forecast uncertainty average and maximum percentages calculated by SCS. These numbers were updated and the new load forecast uncertainty numbers were implemented in [REDACTED] for flow date [REDACTED] onwards.

Original Average LFU Percentages (Used through DAE delivery day [REDACTED])

	<i>DA0</i>	<i>DA1</i>	<i>DA2</i>	<i>DA3</i>	<i>DA4</i>	<i>DA5</i>	<i>DA6</i>	<i>DA7</i>
Jan								
Feb								
Mar								
Apr								
May								
Jun								
Jul								
Aug								
Sep								
Oct								
Nov								
Dec								

Updated Average LFU Percentages (Used from DAE delivery day [REDACTED])

	<i>DA0</i>	<i>DA1</i>	<i>DA2</i>	<i>DA3</i>	<i>DA4</i>	<i>DA5</i>	<i>DA6</i>	<i>DA7</i>
Jan								
Feb								
Mar								
Apr								
May								
Jun								
Jul								
Aug								
Sep								
Oct								
Nov								
Dec								

Original Maximum LFU Percentages
(Used through DAE delivery day [REDACTED])

	<i>DA0</i>	<i>DA1</i>	<i>DA2</i>	<i>DA3</i>	<i>DA4</i>	<i>DA5</i>	<i>DA6</i>	<i>DA7</i>
Jan								
Feb								
Mar								
Apr								
May								
Jun								
Jul								
Aug								
Sep								
Oct								
Nov								
Dec								

Updated Maximum LFU Percentages
(Used from DAE delivery day [REDACTED])

	<i>DA0</i>	<i>DA1</i>	<i>DA2</i>	<i>DA3</i>	<i>DA4</i>	<i>DA5</i>	<i>DA6</i>	<i>DA7</i>
Jan								
Feb								
Mar								
Apr								
May								
Jun								
Jul								
Aug								
Sep								
Oct								
Nov								
Dec								

Exhibit B

Explanation for Redactions in Public Version of the Independent Auction Monitor's Annual Informational Report

Exhibit B

Explanation for Redactions in Public Version of the Independent Auction Monitor's Annual Informational Report

The table below provides justifications for the redactions of confidential and privileged information that have been made to the public version of the Report. In the first column of the table, Southern Companies have grouped the justifications for confidential and privileged treatment into five categories. In the second column, Southern Companies have listed the Report page numbers that contain such information. Because confidential and privileged information permeates virtually all aspects of the Appendices, Brattle and Southern Companies agreed that those portions of the Report should be redacted in their entirety.

In developing this table, Southern Companies have endeavored to provide the requisite specificity expected by the Commission for assertions of privileged and confidential treatment. Should the Commission have any question regarding the information contained in this table or its application to the public version of the Report, or if the Commission desires further clarification or elaboration as to any of the justifications described, Southern Companies welcome the opportunity to assist.

Justification for privileged treatment under 18 C.F.R. §§ 388.107 and 388.112	Page of Report
Data reflects system forecast, planning, generator or other equipment-specific information, which are commercially valuable, necessary to Southern Companies' participation in the marketplace, not yet public, and the release of which could give others in the marketplace a competitive advantage against Southern Companies, to the detriment and harm of their retail customers.	10, 11, Appendix A, Appendix B, Appendix C
Data reflects Energy Auction bid and/or offer information and related non-public Energy Auction information related to one or more Energy Auction participants (including Southern Companies), which are commercially valuable and not yet public, which could be used to the competitive disadvantage of Energy Auction participants, and which Southern Companies are obligated to keep confidential in accordance with their market-based rate tariff and applicable orders of the Commission regarding the Energy Auction.	3, 5, 6
Data/information reflects generator reference prices and generator-specific cost and/or cost inputs, which are commercially valuable, necessary to Southern Companies' participation in the marketplace, not yet public, and the release of which could give others in the marketplace a competitive advantage against Southern Companies, to the detriment and harm of their retail customers.	Appendix B

Justification for privileged treatment under 18 C.F.R. §§ 388.107 and 388.112	Page of Report
Data/information reflects Southern Companies' internal, trade secret and proprietary systems and processes and other intellectual property, which are commercially valuable, necessary to Southern Companies' participation in the marketplace, not yet public, and the release of which could give others in the marketplace a competitive advantage against Southern Companies, to the detriment and harm of their retail customers.	10, 11, 13, Appendix A, Appendix C