

June 26, 2015

Via Electronic Filing

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

RE: *Southern Company Services, Inc.*, Docket No. ER09-88-000
Sixth 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 sixth 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).

June 26, 2015

Page 2

PUBLIC VERSION—REDACTED

redactions in the public version of the Annual Informational 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/Dean M. Murphy
Dean Murphy

Attachments

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

PUBLIC VERSION—REDACTED

Exhibit A

Independent Auction Monitor's Annual Informational Report

(Public Version - Redacted)

**Informational Report for
The Southern Companies'
Energy Auction**

April 24, 2014 to April 23, 2015

PREPARED FOR



THE FEDERAL ENERGY
REGULATORY COMMISSION

SUBMITTED BY

The Brattle Group
Independent Auction Monitor

JUNE 26, 2015

Informational Report
for
The Southern Companies' Energy Auction
April 24, 2014 to April 23, 2015

Docket No. ER09-88-000

June 26, 2015

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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.

Table of Contents

I.	Introduction and Overview	1
II.	Clearing Price for Each Energy Auction	2
III.	Energy Auction Offerors.....	4
IV.	Energy Auction Bidders	5
V.	Changes in Auction Verification Processes and Protocols.....	7
VI.	Results of Monitoring.....	9
VII.	Legal Advisor’s Report on Compliance with Data Restrictions.....	12
VIII.	Conclusion	19

Appendices

Appendix A: IAM Protocols

Appendix B: IAM Issue Tracking Forms

Appendix C: Load Forecasting Uncertainty Percentages

I. Introduction and Overview

This is the sixth 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, 2014 through April 23, 2015.³ 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 offerors and bidders, respectively. Section V summarizes significant changes in our monitoring

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 6,” and to the previous review period, covering April 24, 2013 through April 23, 2014, as “Year 5.”

and verification processes since the fifth Annual Report, including the protocols we follow in monitoring the auctions. This section also gives a brief overview of the voluntary auction enhancements that SCS implemented during the review period, to give context for the changes in auction monitoring that accompany these enhancements. 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 (“Van Ness Feldman”), 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 compliance with the Tariff’s data restrictions found that SCS has been diligent in its efforts to comply with the Tariff requirements related to safeguarding confidential bid and offer information. Van Ness Feldman further found no evidence that SCS marketing function employees had any improper access to confidential bid or offer information during the review period. 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, no DAE auctions cleared for either Firm-LD or Recallable energy (*i.e.*, none matched a buyer’s bid with a seller’s offer), as shown in Table 1. As a point of reference, eight DAE auctions cleared in Year 5, for a total of 14.4 GWh (all for Firm-LD; none for Recallable energy).

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
NO DAE AUCTIONS CLEARED DURING THE REVIEW PERIOD										

Table 2 shows that 62 HAE auctions cleared during the current review period (compared with zero in Year 5); [REDACTED] was the seller in [REDACTED] of these. A total of 5.4 GWh cleared through the HAE auction, with transaction size ranging from [REDACTED] and a weighted-average clearing price of [REDACTED]. There was only one matched bid and offer in each of the cleared HAE auctions, though some of the auctions had additional bids for which there was no match.

Table 2

HAE Cleared Auctions: Clearing Price and Quantity

Delivery Date	Hour Ending (CPT)	Offer MW	Bid MW	Lowest Offer (\$/MWh)	Highest Bid (\$/MWh)	Cleared MW	Clearing Price (\$/MWh)	Winning Bidders	Total Number of Bidders	Winning Offerors
1/26/2015	15						27.00			
1/27/2015	11						26.00			
1/27/2015	12						25.00			
1/29/2015	13						15.00			
1/30/2015	11						24.00			
2/19/2015	11						30.78			
2/19/2015	12						57.87			
2/19/2015	13						65.09			
2/24/2015	10						19.37			
2/24/2015	13						34.70			
2/28/2015	10						35.72			
2/28/2015	11						36.13			
3/1/2015	10						30.72			
3/1/2015	11						30.79			
3/1/2015	12						31.00			
3/1/2015	13						29.57			
3/4/2015	12						22.14			
3/5/2015	10						33.66			
3/5/2015	11						31.67			
3/5/2015	12						31.04			
3/5/2015	13						30.88			
3/5/2015	15						31.09			
3/5/2015	16						31.74			
3/5/2015	17						34.43			
3/5/2015	18						39.22			
3/5/2015	19						40.76			
3/5/2015	20						35.48			
3/6/2015	2						29.41			
3/6/2015	3						30.57			
3/6/2015	4						32.74			
3/6/2015	9						41.56			
3/6/2015	10						42.86			
3/6/2015	11						35.64			
3/6/2015	12						27.99			
3/12/2015	15						33.00			
3/12/2015	21						30.84			
3/13/2015	1						23.81			
3/18/2015	19						25.00			
4/7/2015	15						38.19			
4/7/2015	20						32.42			
4/7/2015	21						32.27			
4/7/2015	22						30.50			
4/8/2015	2						19.63			
4/8/2015	3						19.85			
4/8/2015	4						20.14			
4/8/2015	10						32.00			
4/8/2015	19						35.11			
4/8/2015	20						32.03			
4/8/2015	21						32.56			
4/8/2015	22						32.67			
4/9/2015	1						31.00			
4/9/2015	3						20.67			
4/10/2015	2						22.00			
4/10/2015	3						20.40			
4/10/2015	4						20.00			
4/10/2015	5						22.77			
4/10/2015	7						29.36			
4/12/2015	7						20.00			
4/12/2015	20						31.28			
4/17/2015	12						32.72			
4/17/2015	13						32.10			
4/18/2015	23						16.51			

III. Energy Auction Offerors

Table 3 lists the 23 registered Auction Participants (unchanged from Year 5) for both the HAE and the DAE auctions. One additional Auction Participant, not reflected here, has been added since the end of the review period.

Table 3
Registered Auction Participants during the Review Period

<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, LP
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.

Four participants (SCS, [REDACTED]) offered hour-ahead energy in the HAE auction, as opposed to only SCS in Year 5. Third-party participants offered energy into a total of [REDACTED] HAE auctions (about [REDACTED] of the 8,760 HAE auctions); these offers concentrated in the fourth quarter of the review period, after the Auction Emphasis Week that SCS held January 27–29, 2015. Three participants, including SCS, offered Firm-LD Energy in at least one DAE auction, as compared to two participants in Year 5. SCS and one other participant offered Recallable Energy, one more than in Year 5. Similar to the HAE Auction, offers by third parties concentrated in the fourth quarter, with offers placed in a total of [REDACTED] out of 255 DAE auctions ([REDACTED] of each of the Firm-LD and Recallable auctions). SCS offered energy into all of the HAE and DAE auctions, as it is required to do, with the exception of one HAE auction and two DAE auctions; these are discussed further in Section VI.

Table 4 shows the corresponding amounts of energy offered into the HAE and DAE auctions by each participant. Across all the auctions, approximately 50.4 TWh of energy was offered, just slightly more than the amount of energy (50.1 TWh) offered in Year 5.

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 were three third-party offerors in the DAE auction and three in the HAE auction. The average amount offered into the DAE auctions was [REDACTED] of Firm-LD, and [REDACTED] of Recallable Energy; in Year 5, the averages were similar at [REDACTED] and [REDACTED], respectively. For the HAE auction, an average of [REDACTED] was offered, also similar to the Year 5 average ([REDACTED]).

Table 4
Cumulative Quantity of Energy Offered in DAE and HAE Auctions (MWh)

<i>Participant</i>	<i>HAE</i>	<i>DAE</i>	
		<i>Firm-LD</i>	<i>Recallable</i>
SOCO	34,172,316 (99.98%)	10,898,400 (99.55%)	5,263,200 (99.89%)
[REDACTED]			

* Figures in parentheses show percent of total energy offered

IV. Energy Auction Bidders

Table 5 shows the MWh quantities of energy bids by each participant in the HAE and DAE auctions. SCS and three others bid into the HAE auction. Third-party participants bid into [REDACTED] HAE auctions (about [REDACTED] of all HAE auctions), compared to no third-party bids in Year 5. Participation by SCS as a bidder also increased with SCS placing bids in almost [REDACTED] of HAE

auctions (up from ██████ in Year 5). In the DAE auctions, three participants (including SCS) bid into at least one Firm-LD auction, and one participant (not SCS) bid for Recallable Energy. While the total number of DAE auctions with third-party bids was unchanged in Year 6 relative to Year 5, there was an increase in bids for Recallable energy and a corresponding decrease in bids for Firm-LD energy. In total there were ██████ bids for Firm-LD energy and ██████ bids for Recallable energy (about ██████ of each of the Recallable and Firm-LD auctions; compared to ██████ and zero, respectively, in Year 5). As with offers, third-party bids in both HAE and DAE auctions were concentrated in the fourth quarter of the review period, after the Auction Emphasis Week.

Across all the auctions, approximately 2.9 TWh of energy bids were submitted, with ██████ of this volume submitted through the HAE auctions. SCS accounted for ██████ of bid volume in the DAE auctions, and ██████ of all bids in the HAE auctions. The average amount of energy bid into the Firm-LD DAE auctions was ██████, compared to ██████ in Year 5. For the HAE auction, the average amount of bids was ██████, up from ██████ in Year 5, which reflects ██████.

Table 5
Cumulative Quantity of Energy Bids in DAE and HAE Auctions (MWh)

<i>Participant</i>	<i>HAE</i>	<i>DAE</i>	
		<i>Firm-LD</i>	<i>Recallable</i>
Total	2,343,145	589,600	4,800

* Figures in parentheses show percent of total energy bid

V. Changes in Auction Verification Processes and Protocols

Our processes and accompanying “tools” that make the needed calculations to validate Available Capacity, Seller Offer Prices, and the clearing price for each Auction are set forth in our protocols. These protocols were created and tested during the initialization phase of our monitoring assignment, prior to the start of the Auction, and have been updated as needed to reflect new information, changes, and improvements. The current versions of our ten protocols are shown in Appendix A. They include:

Protocol I — Monitoring of SCS’s daily load forecasts

Protocol II — Monitoring of SCS’s daily load forecast uncertainty (LFU) calculations

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 6, there were a few changes to our protocols, as summarized in Table 6. Most of these were made to accommodate the voluntary auction enhancements that SCS implemented over the course of the review period, and so we give a brief overview of those auction enhancements, as well as explaining the changes to our protocols. Only the changes to our protocols since our fifth Annual Report are discussed here.

Table 6
Summary of Changes to IAM Protocols in Year 6

<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	Verification of offer discounting
VI. HAE Available Capacity and SOP Verification	Verification of offer discounting
VII. Recallable Energy Verification	No changes
VIII. Auction Clearing Price Verification	Verification of bid-offer spread and posting
IX. Assessment of Transmission Services for Energy Auction Purchases	No changes
X. Monitoring of Third Party Participants	No changes

Auction Enhancements

Over the course of the review period, SCS implemented several voluntary changes to the auction. These were intended to encourage Auction participation, and include four primary measures:

- Enable Queuing and Multi-Hour Bid/Offer Entry features. The interface by which Participants submit bids and/or offers into the HAE Auction was enhanced to simplify the process of submitting bids and offers. The enhancement allows a Participant to pre-enter bids or offers up to 24 hours ahead of the start of the bid period, rather than submitting bids separately during each hour's bid period, and also allows the submission of bids/offers for multiple HAE auctions simultaneously.
- Further limit SCS staff's access to confidential bid and offer information. SCS added access controls to ensure that Southern Company personnel cannot inadvertently access the confidential bid and offer information of other Energy Auction Participants, to help prevent any potential concerns about data access that might discourage Auction participation.
- Discount SCS's offers into the Auction. The Tariff requires SCS to offer all available generation at a price no higher than 110% of cost, plus a demand charge of \$21.43/MWh. SCS has implemented an automatic voluntary discount of \$21.43/MWh (equal to the demand charge) for all energy offered into the Auction. (Southern had previously discounted at its discretion, typically discounting the first portion of the offer curve by a varying amount.) SCS has asked us to monitor its compliance with this voluntary discounting policy, in addition to our normal monitoring responsibilities.
- Post the auction spread. SCS implemented a procedure to post publicly the auction spread (the difference between the best bid and best offer, when the Auction does not

create a match). To ensure that this does not compromise the blind feature of the Auction, and to avoid giving information to a bidder (offeror) about the best offer (bid) price, the spread is to be posted only if there are at least 3 unique bidders and 3 unique offerors. SCS has asked us to monitor the posting of the auction spread, in addition to our normal monitoring responsibilities.

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 December 3, 2014. We independently verified these values, which are summarized in Appendix C, and have incorporated them into our daily monitoring.

Protocol V – Day-Ahead Available Capacity Verification

In addition to our normal verification activities for the submission of SCS’s offers into the DAE Auction, we have begun monitoring whether SCS has complied with its policy of voluntarily discounting its Day Ahead offers by \$21.43/MWh, the amount of the demand charge.

Protocol VI – Hour-Ahead Available Capacity Verification

In addition to our normal verification activities for the submission of SCS’s offers into the HAE Auction, we have begun monitoring whether SCS has complied with its policy of voluntarily discounting its Hour Ahead offers by \$21.43/MWh, the amount of the demand charge.

Protocol VIII – Auction Clearing Price Verification

In addition to our normal verification activities under Protocol VIII, we have begun monitoring whether the auction spread has been calculated and posted in accordance with the established guidelines.

VI. Results of Monitoring

During the current review period, our daily and periodic monitoring activities revealed three instances of noncompliance, and one additional noncompliant event that occurred in Year 5 but was discovered in Year 6. These are summarized in Table 7 below, and involved late posting of historical bid and offer data (in Year 5), failure to offer energy in one HAE auction, two prohibited bilateral sales, and a late posting of auction clearing prices. SCS offered energy into all but one HAE auction (that being one of the noncompliant events discussed below), and offered into all but two DAE auctions.⁴

In this review period, we observed a decrease in the number of noncompliant events relative to Year 5. This may reflect the continuous improvements made by SCS to the processes used in the

⁴ Our verification processes confirmed that on the delivery days for these two DAE auctions (February 19 and 20, 2015), [REDACTED]

determination of Available Capacity and submission of offers into the Auction; at least some types of events were noticeably less frequent than in previous review periods. In the last three months of Year 6, there were a number of issues with the completeness and structure of the data files and the timing of data transfers. This did not ultimately affect our ability to monitor the Auction, as SCS was responsive and cooperative in addressing these data issues, making resources available to address them promptly as they arose. These data issues may be resolving, as their frequency seems to have abated recently.

Table 7
Instances of Noncompliance in Year 6

<i>Type of Issue</i>	<i>Period Affected</i>
Late posting of historical bid and offer data for August 2013 (in Year 5)	Data posting deadline: 2/28/2014
Failed HA Offer Curve submission in December 2014	HAE auction for 12/6/2014 HE12
Prohibited bilateral sales (2) into Southern in December 2014	HAE auction for 12/7/2014 HE11 and HE13
Late posting of auction clearing prices in January 2015	HAE auction for 1/27/2015 HE15

In the next section we briefly describe each noncompliant event, as well as reporting on our monitoring of the recent auction enhancements implemented by SCS. For more detail on these issues, see the issue tracking forms included in Appendix B. None of the instances described below affected the outcome of the auction(s) involved.

A. NONCOMPLIANT EVENTS

In Year 5, SCS failed to post historical bid and offer data for August 2013 after a 6-month delay (*i.e.*, by the end of February 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 August 14, 2014, Brattle notified SCS that the historical bid and offer data had not been posted by the date stipulated in the Tariff; SCS posted the data on that same day.

The first instance of non-compliance in Year 6 was a failure to submit offer curves for an HAE auction in December 2014. On December 8, 2014, Southern Companies informed Brattle by phone that they had been unable to submit offers to the HAE Auction for HE 12 on December 6, 2014. SCS explained that on that date, OATI experienced system issues that impacted the availability of OASIS sites hosted by OATI, and this had affected Southern’s ability to enter an offer into the HAE Auction. [REDACTED]

[REDACTED] resulted in Southern’s inability to submit offers into the HAE Auction. SCS regards this as an instance of *Force Majeure*.

A second non-compliant event involved two bilateral sales into the Southern BAA that were conducted outside of the Energy Auction. Prior to Brattle’s quarterly audit of Bilateral Trades, SCS notified Brattle that one of its hourly desk traders made “into Southern” sales to [REDACTED] on Sunday, December 7, for HE 11 and HE 13, during the Hour-Ahead Energy Auction bid windows. Southern’s investigation determined that these occurrences were the product of oversight and not any intent to circumvent the requirements of the Tariff. These sales were for eventual delivery into [REDACTED]. Typically, sales of this type are delivered to the [REDACTED] border; since they are not “into Southern” sales, they are permissible during the bid window under the Tariff. In the two instances discussed in this event, [REDACTED] was using Southern Company transmission [REDACTED] to deliver the energy to [REDACTED]. As a result, the sales actually occurred at the generator bus, and thus constituted “into Southern” sales. The trader brought this matter to the attention of the Hourly Trading Manager shortly after the second sale on Sunday. As a result of this event, SCS instituted several mitigation actions to help prevent a recurrence.

The third instance of non-compliance was the late posting of the clearing price for an HAE Auction. On January 29, 2015, SCS notified Brattle that the clearing price for the HAE auction for January 26, 2015 HE15 had not been posted to the Southern Company website according to the Tariff requirements. Section 4.2.2.2 of the Rules of the Energy Auction specifies that the HAE clearing prices must be published within five (5) minutes of the close of the HAE Bid Period. The clearing price was posted on January 27, 2015. SCS explained that a computer server that was used as part of the clearing price posting process had been retired without notice. Since then SCS has implemented controls that it believes will prevent a recurrence of this type of event. SCS regards this as an instance of *Force Majeure*.

B. MONITORING OF DISCOUNTING

As discussed in Section IV, we have monitored SCS’s compliance with its new policy of offering a voluntary discount of \$21.43/MWh (the demand charge) for all MWh offered into the Auction. Our analysis shows that since its implementation on September 4, 2014, SCS has complied with this discounting policy, discounting all MWh offered into the DAE and HAE auctions by at least \$21.43 (in some cases by a few cents more, up to \$21.46). While this policy has resulted in an overall greater number of DAE MWs being discounted, [REDACTED]

[REDACTED] Since the implementation of the automatic discounting measure, SCS’s full offer curve has been discounted by approximately \$21.43/MWh in all DAE auctions.

In the case of the HAE auction, the discounting policy [REDACTED]
[REDACTED]. In Year 6, the entire offer curve for every HAE auction was discounted by at least \$21.43.

C. MONITORING OF AUCTION SPREAD POSTING

Since the implementation of the Auction Spread posting policy on December 29, 2014, none of the HAE or DAE auctions have had both the 3 unique bidders and 3 unique offerors that are required for the spread to actually be posted. In fact, this condition has not been satisfied since Auction Year 2. Since the circumstance never arose in which the spread should have been posted (and in fact the spread never was posted), SCS has technically complied with this posting policy.

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

The law firm of Van Ness Feldman reviewed 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, 2014 through April 23, 2015.

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 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 Southern Companies’ Auction Administrator (“Southern Auction Administrator”) may access confidential third-party bid or

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

⁶ Auction Rules § 2.4.

⁷ *Id.* § 2.41.

⁸ *Id.* § 3.5.

offer information under prescribed circumstances. Only employees in one of the positions specified in the Tariff may serve as Southern Auction Administrator.⁹

The Southern 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 4.2.4^[10] 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 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

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).

¹² *Id.* § 2.1B(d).

¹³ *Id.* § 2.2.

¹⁴ *Id.* § 2.3.

B. SIXTH ANNUAL REVIEW

Van Ness Feldman’s sixth annual review was conducted in May and June of 2015. 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 three SCS employees who served in the role of Southern Auction Administrator during the review period. Van Ness Feldman also conducted a phone interview with representatives of TranServ International, Inc. (“TranServ”), the Independent Auction Administrator. The TranServ personnel interviewed were the company’s president and the two engineers who have responsibility for the independent auction administrator functions.

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.

C. FINDINGS

The review conducted by Van Ness Feldman found that SCS has been 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 employees holding specific positions listed in Section 2.1 of the Participation Rules may serve as Southern Auction Administrator. During the review period, three SCS employees were designated as Southern Auction Administrators. Specifically, one SCS employee (“Auction Administrator #1”) served as Southern Auction Administrator from the start of the review period through July 18, 2014, when he moved to a different position within the company. On July 18, SCS designated a new Southern Auction Administrator (“Auction Administrator #2”) and a back-up Southern Auction Administrator (“Back-up Auction Administrator”). Each of the three Southern Auction Administrators held positions listed in Section 2.1 when they were serving as Auction Administrator—Auction Administrator #1 was a Project Manager, Auction Administrator #2 is a Contract Analyst, and the Back-up Auction Administrator is a Pool Bill Operations Supervisor.

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.”¹⁵ The Participation Rules further provide that Southern Companies, through the

¹⁵ Auction Rules § 3.5.

Southern 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.¹⁶ SCS reported that the only handling of confidential third-party bid or offer information during the review period was in connection with the Independent Auction Monitor’s request of SCS to review of the draft annual report in June of 2014, and the monthly receipt and posting of historic bid and offer information.

Auction Administrator #1 had an Auction Administrator user ID on the webMarket system,¹⁷ which permitted access to third-party bid and offer information. The review indicates that Auction Administrator #1 logged into the webMarket auction software on four occasions during the review period, all of which were on one day in June. Auction Administrator #1 explained that this access to webMarket was in connection with his review and verification of data in the draft fifth annual report. The webMarket access of Auction Administrator #1 was terminated on July 18, 2014, when he changed positions. His new position is not a marketing function role.

Consistent with the revised Procedures for Southern Company Energy Auction Administration dated July 18, 2014, neither Auction Administrator #2 nor the Back-Up Auction Administrator was issued an Auction Administrator used ID for webMarket. Instead, under the revised procedures, in the event the Southern Auction Administrator needed to access third-party confidential bid and offer information, the Southern Auction Administrator would have to request a temporary Auction Administrator user ID from the Independent Auction Administrator. Auction Administrator #2 reported that she has made no request for a temporary user ID, and TranServ confirmed that it has not issued a temporary Auction Administrator user ID during the review period.

Auction Administrator #2 has a Buyer Company Administrator/Seller Company Administrator webMarket user ID that permits her to access Southern Companies confidential bid and offer data, but not the bid and offer data of third parties. The Back-Up Auction Administrator does not have a webMarket user ID of any type.

Section 2.1B(d) of the Participation Rules provides that instances where the Southern Auction Administrator accessed confidential bid or offer information must be reported “(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.”¹⁸ There was only a single report made under Section 2.1B(d) during the review period. Specifically, Auction Administrator #1

¹⁶ Participation Rules § 2.1B(b).

¹⁷ “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 was able to access confidential bid or offer information of a third party.

¹⁸ Participation Rules § 2.1B(d).

reported as follows to the Independent Auction Administrator and IAM on June 6, 2014, in connection with review of a draft of the annual report for accuracy and completeness:

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 Fifth Energy Auction Annual Report for completeness and accuracy. Southern Company individuals who will be reviewing this information will include myself and Wayne Moore. In connection with this review, access to confidential bid and offer information in webMarket may become necessary. Section 2.1B(d) requires Southern to notify both Brattle and the Independent Auction Administrator, and this notification is intended to cover all such review and access that may be required in connection with Brattle's request. The same rules require the Independent Auction Administrator to document and log such access for future reference.

As SCS indicated, Auction Administrator #1 and SCS's Vice President and Operations Compliance Officer (to whom Auction Administrator #1 reported) reviewed drafts of the 2014 Report. The confidential version of the 2014 Report contains limited third-party bid and offer information.¹⁹

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 IAM within one business day. SCS made the required reports.²⁰ 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 2014 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 Southern 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

¹⁹ In the confidential version of the 2014 Report, Table 1 contains the details of cleared auctions 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 2014 Report.

²⁰ The IAM provided the draft report to the Southern Auction Administrator and Vice President and Operations Compliance Officer for review on June 4, 2014. Auction Administrator #1's use of webMarket in verifying data in the draft report occurred on June 6. The required reports to the Independent Auction Administrator and IAM were made on June 6.

used to conduct the Energy Auction, and not to include review of drafts of the IAM’s annual report at the request of the IAM. In practice, the review of the draft report for accuracy is helpful to the IAM and does not appear to create any increased risk of problematic use or disclosure of confidential data.²¹

The Independent Auction Administrator has continued to convey to the Southern Auction Administrator certain historical confidential bid and offer information for the purpose of posting such data on the Southern Company website.²² This transfer is made on or about the 23rd of each month, with respect to the sixth month prior. This enables SCS to comply with the Tariff’s requirement that SCS must post, by the end of each month, bid and offer data (without identification of the bidder or offeror) for the sixth month prior.²³ Southern Auction Administrator access to data for this purpose is expressly allowed under the Tariff.²⁴ This routine access has not been 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 Southern Auction Administrator must be “stored in a secure physical or electronic location.”²⁵ 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.

The two SCS employees who reviewed the draft 2014 Report—Auction Administrator #1 and the Vice President and Operations Compliance Officer—report that they have not retained electronic or physical copies of the draft 2014 Report or the final confidential version of the 2014 Report.

²¹ 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 Southern Companies “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 2014 Report by the Vice President and Operations Compliance Officer is not inconsistent with these requirements.

²² Historical bid and offer information is posted at: <http://www.southerncompany.com/about-us/our-business/energy-auction/historical.cshtml>.

²³ Auction Rules § 4.2.4.

²⁴ Participation Rules § 2.1B(b).

²⁵ *Id.* § 2.1B(d).

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).”²⁶ Van Ness Feldman interviewed the three Southern Auction Administrators, reviewed emails from the Southern 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.”²⁷

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). Auction Administrator #1 was the only SCS employee designated as Auction Administrator on the webMarket system during the review period, and he was not 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 marketing or trading employees. The only handling of confidential third-party bid and offer information by the Southern Auction Administrators during the review period was related to review of the draft 2014 Report at the request of the IAM, and receipt of historical bid and offer information from the Independent Auction Administrator for posting.

The workstation of Auction Administrator #1 was located on the trading floor. He reported that when he accessed webMarket, he did so at a workstation on a different floor, in a badge-access restricted office space to which marketing function personnel do not have access. Auction Administrator #2 and the Back-Up Auction Administrator are not located on the trading floor,

²⁶ *Id.* § 2.2.

²⁷ *Id.* § 2.3.

and are instead located on a different floor in a badge-access restricted space to which marketing function personnel do not have access.

The Southern Company 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.”²⁸ Our interviews with the Southern Auction Administrators indicated that they are well versed in the data control restrictions. Auction Administrator #2 and the Back-Up Auction Administrator indicated that in connection with assuming the role of Southern Auction Administrator they had reviewed various controlling documents including the Tariff and the Southern Company auction administration protocols and procedures.²⁹

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 Section 2.3 of the Participation Rules.

6. Summary of Findings

Based on its review, Van Ness Feldman found that SCS has been diligent in its efforts to comply with the requirements related to safeguarding 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 during the review period.

VIII. Conclusion

We have monitored SCS’s participation in the Energy Auctions and compliance with the Tariff during the sixth annual review period, April 24, 2014 through April 23, 2015. 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. The frequency of at least some types of non-compliant events in Year 6 is lower than in previous review periods; this may reflect continuous improvements made by SCS that reduce the rate of inadvertent noncompliance. We also found no evidence of attempts to manipulate the auction or other questionable behavior by any Auction Participant, nor did we receive any

²⁸ Southern Company, Energy Auction: Auction Administrator Protocol § 1.3 (undated).

²⁹ Southern Company, Procedures for Southern Company Energy Auction Administrators, Version 3.0 (July 18, 2014).

complaints regarding the availability or the terms of transmission service needed to accommodate an Energy Auction purchase. Van Ness Feldman's review of 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.

Over the course of the review period, SCS implemented several voluntary changes to the auction that were intended to encourage Auction participation. These included implementing enhanced HA offer entry features, further limiting SCS staff's access to confidential bid and offer information, voluntarily discounting SCS's offers into the Auction, and posting of the bid-offer spread. Per Southern's request we have monitored SCS's compliance with its new policy of offer discounting, and found that SCS has discounted all MWh offered into the DAE and HAE auctions by at least \$21.43/MWh, in accordance with its policy. For the DAE auction, this policy has resulted in an overall greater number of DAE MWs being discounted (the discount is applied to the entire offer curve), [REDACTED]. In the case of the HAE auction, [REDACTED]. [REDACTED]. With respect to posting the bid-offer spread, the circumstances did not arise in which the spread should have been posted, and thus we find that SCS has technically complied with this policy.

Auction participation by third parties, both as bidders and offerors, is up somewhat in this review period compared with recent previous years, though is still relatively low. HAE participation is up from zero to a couple percent since the previous year, while DAE participation is similar to the previous year, still around 5% of auctions. The number of HAE auctions that cleared is up significantly, with 62 HAE auctions clearing in Year 6 (compared with zero HAE clearings in Year 5), though this is still less than 1% of all HAE auctions. The number of DAE auction clearings fell from eight to zero since the previous year.

Since the fifth 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-14

Protocol IV – Outages..... A-23

Protocol V – Day-Ahead Available Capacity and Seller Offer Prices Verification..... A-27

Protocol VI – Hour-Ahead Available Capacity and Seller Offer Prices Verification A-37

Protocol VII – Recallable Energy Verification..... A-43

Protocol VIII – Auction Clearing Price Verification..... A-50

Protocol IX – Assessment of Transmission Services for Energy Auction Purchases..... A-58

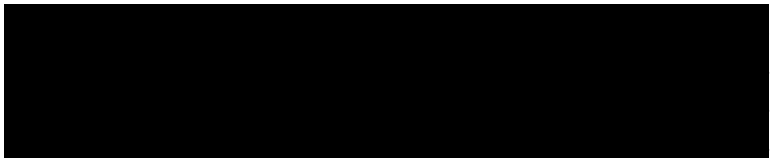
Protocol X – Monitoring of Third Party Participation in the Southern Company Energy Auction A-59

THE REMAINDER OF THIS APPENDIX IS REDACTED

APPENDIX B

IAM ISSUE TRACKING FORMS

I. NON-COMPLIANT EVENTS

	B-1
	B-2
	B-4
	B-6

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])

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

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

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

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

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

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

	DA0	DA1	DA2	DA3	DA4	DA5	DA6	DA7
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
Release of data/information could constitute a violation of the Commission's market-based rate affiliate restrictions and the Separation of Functions and Communications Protocol applicable to Southern Power Company and its subsidiaries, as set forth in Southern Companies' market-based rate tariff.	
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.	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.	2, 3, 4, 5, 6, 10, 11, 20

<p style="text-align: center;">Justification for privileged treatment under 18 C.F.R. §§ 388.107 and 388.112</p>	<p style="text-align: center;">Page of Report</p>
<p>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.</p>	<p>9, Appendix B</p>
<p>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.</p>	<p>Appendix A, Appendix C</p>