

J.P. Morgan Comments on CAISO Draft Final Proposal on Data Release & Accessibility *Phase 2: Convergence Bidding Data Release*

Submitted by	Company	Date Submitted
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J.P. Morgan Ventures Energy Corporation and BE CA, LLC (collectively, "J.P. Morgan") appreciates this opportunity to provide comments on the California ISO's (CAISO's) January 15, 2010, Draft Final Proposal entitled *Data Release & Accessibility Phase 2: Convergence bidding Data Release* ("Straw Proposal").

As stated in J.P. Morgan's previous comments on both the Phase 1 and Phase 2 data release efforts, transparent markets facilitate better risk management and lead to greater liquidity. As market results become more consistent and predictable, market participants can better assess and manage the risks of market participation and thus are likely to increase their participation in the market. J.P. Morgan therefore generally supports the timely release of important market information. J.P. Morgan also agrees with the comments of the CAISO and the CAISO Market Surveillance Committee (MSC) that more information is likely to increase market efficiency.

However, J.P. Morgan remains concerned that the day-after release of nodal convergence bidding information may reveal information that may be considered commercially sensitive by individual participants. While J.P. Morgan acknowledges that it may be difficult to discern, with certainty, any commercially sensitive information from the nodal data, J.P. Morgan is concerned that at the start of the convergence bidding market that the per node liquidity may be low and therefore the nodal information may reveal not only a physical resource's convergence bidding hedging strategy, but also insight into its operating costs. Therefore, J.P. Morgan does not support the short-term release of individual market participant bid data, or market data that could reveal the bids or bidding strategies of individual market participants. At a minimum, J.P. Morgan recommends that the CAISO defer releasing this information until 6-months to a year after the start of the convergence bidding market. As noted in J.P. Morgan's earlier submitted comments, no other convergence bidding market releases nodal information and J.P. Morgan is not convinced that market efficiency will be compromised if nodal information is not immediately released. After market participants gain experience with the market, position limits begin to be relaxed,

and market liquidity increases, J.P. Morgan may be more comfortable with the release of nodal convergence bidding information.

Finally, J.P Morgan understands that the CAISO does not intend to specify its convergence bidding data release policy in the CAISO tariff and thus does not intend to file the proposal at FERC for approval. J.P. Morgan disagrees with this approach. First, J.P. Morgan questions the need to move forward and seek CAISO governing board approval at this time if the CAISO is not intending to reflect the adopted policy in the convergence bidding tariff language proposed to be filed by the CAISO at FERC in February. If the CAISO is not intending to codify the policy in tariff language, why not take the additional time available prior to implementation to better understand why other convergence bidding markets do not release nodal-level information and why they believe that the release of such information is not necessary to support a liquid and efficient convergence bidding market. Second, FERC review is appropriate since the CAISO's proposed policy raises concerns regarding the release of market sensitive information and varies from the data release policies adopted and in place in other, well-established, convergence bidding markets. The CAISO's proposal thus raises questions of first impression that warrant FERC review. J.P. Morgan therefore recommends that that CAISO codify its convergence bidding data release policy in its tariff and file the proposal at FERC for approval.

J.P. Morgan appreciates the opportunity to provide these comments.