

**APPENDIX B**

**SOUTHEAST EEM MARKET RULES**

**I. INTRODUCTION AND APPLICABILITY.**

Set forth below are the rules governing: 1) Participation in the Southeast EEM; 2) Bidding, Offering, and matching procedures for Energy Exchanges arranged through the Southeast EEM System, 3) Southeast EEM System data reporting, and 4) the processes for auditing Energy Exchanges and the hardware, software, management and operation of the Southeast EEM System. This Appendix B is subject to the terms and conditions of the Agreement. In the event of a conflict between the terms of the Agreement and the terms of this Appendix B, the terms of the Agreement shall control.

**II. DEFINITIONS.**

The following terms shall be defined as indicated for the purposes of this Appendix B. Definitions and terms expressed in the singular shall include the plural and *vice versa*. Any capitalized terms not defined herein shall have the meaning set forth in the Agreement.

“Agreement” means the Southeast Energy Exchange Market Agreement By and Among the Members of the Southeast EEM to which this Appendix B is appended.

“Balancing Authority” means the responsible entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.

“Balancing Authority Area” means the collection of generation, transmission and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

“Bid” means a voluntary submission containing the required Bid Information to purchase a certain amount of Non-Firm Energy (set forth in MW).

“Bid Information” means the information applicable to Bids set forth in Section IV.B.3.

“Bid Price” means the price, in \$/MWh for the amount of Non-Firm Energy submitted in a Bid. This represents the maximum price that the Bidder is willing to pay.

“Bidder” means a Participant who submits a Bid into the Southeast EEM System.

“Buyer” means a Bidder that has been matched with an Offeror for an Energy Exchange through the Southeast EEM System.

“Clock Hour” means the sixty-minute period ending at :00.

“Company System Administrator” has the meaning set forth in Section VI.B.2.

“Contract Path” means the continuous transmission path for the flow of Non-Firm Energy between the Participants reserved for an Energy Exchange using the transaction matching, reservation and tagging functions of the Southeast EEM System.

“Delivery Interval” means a fifteen (15) minute period in which Non-Firm Energy is intended to be delivered by a Seller to its matched Buyer(s).

“Energy Exchange” means a transaction for the purchase and sale of Non-Firm Energy in the Southeast EEM between Buyers and Sellers pursuant to an Enabling Agreement and in conformance with the requirements of the Southeast EEM Rules.

“Electronic Tag” or “e-Tag” means the primary method for coordination of Interchange Schedules or Energy Schedules where Energy is transferred between Balancing Authority Areas and coordination required between multiple entities. Various entities can communicate important information pertaining to the Interchange transaction to each other via the internet using computer applications, which are based on the e-Tag specifications and schema maintained by the North American Energy Standards Board (“NAESB”).

“Energy Exchange Notification” means the notice provided to Bidders and Offerors who were matched for an Energy Exchange by the Southeast EEM Algorithm; to be automatically generated by the Southeast EEM System and provided before the start of a Delivery Interval; and to include data on the matched Energy Exchange including Buyer, Seller, price, amount of Non-Firm Energy, Source, Sink, delivery location, applicable Delivery Interval, and other any other necessary data for Participants to record the transaction.

“Energy Exchange Price” means the price, in \$/MWh, calculated by the Southeast EEM Algorithm for a specific Energy Exchange.

“FERC” means the Federal Energy Regulatory Commission.

“Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment and in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice does not require the optimum practice, method, or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the SERC Reliability Corporation region.

“Losses” means the total cost of the electrical energy lost in the transmission of electrical energy from a Source to a Sink based on the real power loss factor (%) (“Loss Factor”) and loss rate (\$/MWh) (“Loss Rate”) of each Participating Transmission Provider on the Energy Exchange’s Contract Path.

“NAESB Electric Industry Registry” or “NAESB EIR” means thea central registry and repository of information required for commercial transactions that is maintained by NAESB.

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“Network Map” means the computer-based representation of all Participating Transmission Provider service territories, Balancing Authorities, valid transmission paths (Point of Receipt – Point of Delivery combinations), Sources, and Sinks.

“Non-Firm Energy” means a product for which delivery or receipt of the energy may be interrupted for any reason or no reason, without liability on the part of either buyer or seller.

“Non-Firm Energy Exchange Transmission Service” means transmission service provided by a transmission provider, pursuant to its Tariff, that has the following characteristics: (i) it is non-firm transmission service with the lowest curtailment priority, provided solely on an as-available basis for 15-minute Energy Exchanges, after taking into account other higher priority uses and the limitations of the transmission system of the Participating Transmission Provider; (ii) it is available solely for Energy Exchanges; (iii) it is identified and offered in the Tariff as “Non-Firm Energy Exchange Transmission Service;” (iv) the charge for such service, and related Schedule 1 and Schedule 2 (or equivalent) ancillary services, is \$0/MWh; (v) the charge for financial losses is based on the methodology established in the Participating Transmission Provider’s Tariff; (vi) the service must be obtained by a Participant using the transaction matching, reservation and tagging functions of the Southeast EEM System, rather than directly through Open Access Same Time Information System or other reservation, scheduling or tagging requirements applicable to other forms of transmission service offered by a Participating Transmission Provider; (vii) the service may not be reassigned, redirected, or sold by the transmission customer; (viii) in combination with the other Participating Transmission Providers’ provisions of Non-Firm Energy Exchange Transmission Service, the service allows for a continuous Contract Path for Energy Exchanges; and (ix) the Participating Transmission Provider is required to provide the information specified in and as required by Section IV.A.2 of the Southeast EEM Market Rules to the Southeast EEM System. For the avoidance of doubt, nothing in this Agreement shall obligate any Participating Transmission Provider to (a) plan, construct, or maintain its transmission system for the benefit of any Participant; (b) provide Non-Firm Energy Exchange Transmission Service in a manner that is contrary to the terms of the Participating Transmission Provider’s Tariff, or contrary to Good Utility Practice, each as determined in the sole judgment of the Participating Transmission Provider; (c) provide Non-Firm Energy Exchange Transmission Service following termination of its Southeast EEM Member status; (d) provide Non-Firm Energy Exchange Transmission Service to a non - Participant; or (e) file its Tariff with FERC if the Tariff is not already required to be filed with FERC.

“OASIS” means an Open Access Same-Time Information System that conforms to the requirements of Part 37 of the FERC’s regulations, 18 CFR §§ 37.1, et seq.

“OATI webRegistry” means the system developed by Open Access Technology International, Inc. to perform the NAESB EIR functions.

“Offer” means a voluntary submission containing the required Offer Information to sell a certain amount of Non-Firm Energy (set forth in MW).

“Offer Price” means the price, in \$/MWh for the amount of Non-Firm Energy offered in an Offer. This represents the minimum price that the Offeror is willing to collect to sell.

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“Offer Information” means the information applicable to Offers set forth in Section IV.B.3, as well as other information that may be required by the Southeast EEM Administrator.

“Offeror” means a Participant who submits an Offer into the Southeast EEM System.

“Participant Profile” means that information identified in Section IV.A.1., Section IV.C.6., and such other information requested by the Southeast EEM System Interface to assist in the creation of Energy Exchanges.

“Participant” means an entity that meets the requirements set forth in Section III of this Appendix B.

“Participant Specific Constraints” has the meaning set forth in Section IV.A.1.b. and IV.C.5.

“Seller” means an Offeror that has been matched with a Buyer through the Southeast EEM System.

“Sink” means a pre-approved and validated OATI webRegistry sink point.

“Source” means a pre-approved and validated OATI webRegistry source point.

“Southeast EEM Algorithm” means the mathematical equations that determine the matching Bids and Offers resulting in Energy Exchanges.

“Southeast EEM System Interface” means the graphical user interface (“GUI”) and application programming interfaces (“API”) used by the Southeast EEM System that meet the Southeast EEM System requirements developed by the Southeast EEM Administrator and the Operating Committee.

“Southeast EEM Manuals” means the instructions, rules, procedures and guidelines established by the Operating Committee for the Southeast EEM.

“System Administrators” means, collectively, the Southeast EEM Administrator and Company System Administrators.

### III. PARTICIPATION

A. Any entity that meets the requirements of this Section III may become a Participant.

B. A Participant must:

1. Own or otherwise control a Source within the Territory and/or be contractually obligated to serve a Sink within the Territory;
2. Execute a Participant Agreement in the form attached to the Agreement as Appendix A (the “Participant Agreement”) which agreement shall, among

other things, contractually bind such entity to comply with the rules set forth in this Appendix B;

3. Deliver the executed Participant Agreement to the Secretary and the Southeast EEM Administrator, which shall become effective when countersigned by the Southeast EEM Agent at the direction of the Operating Committee;
4. Execute and deliver a Non-Firm Energy Exchange Transmission Service Agreement with each Participating Transmission Provider who requires delivery of such agreement, or otherwise have access to Non-Firm Energy Exchange Transmission Service from each Participating Transmission Provider; and
5. Have or enter into an Enabling Agreement with at least three (3) or more Participants.

**IV. BIDS/OFFERS AND MATCHING PROCEDURES.**

**A. Pre-Bid/Offer Information Requirements.**

1. Information Submitted by Participants.
  - a. Prior to being permitted to submit Bids or Offers, each Participant shall provide the Southeast EEM all required information in its Participant Profile. Participants are responsible for providing accurate information to the Southeast EEM System in its Participant Profile, as well as submitting any updates or modifications to the Southeast EEM Administrator to maintain the accuracy of Participant's Profile.
  - b. Participant-Specific Constraints.
    - i. Prior to being permitted to submit Bids or Offers, each Participant shall provide to the Southeast EEM in its Participant Profile, any constraints the Southeast EEM Algorithm must take into account in matching Bids or Offers from such Participant ("Participant-Specific Constraints"). Participant-Specific Constraints can be either counterparty specific or geographic.
    - ii. Offers from a Participant for a Delivery Interval will not be processed unless the Participant's Participant-Specific Constraints are set such that there are at least three other non-affiliated Participants with whom the submitting Participant can be matched for an Energy Exchange as a Seller, and Bids from a Participant for a Delivery Interval will not be processed unless the Participant's Participant-Specific

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Constraints are set such that there are at least three (3) other non-affiliated Participants with whom the submitting Participant can be matched for an Energy Exchange as a Buyer.

- iii. Participants shall not be required to provide a reason for any Participant-Specific Constraint. The reason for such constraints could be, but is not limited to, the following:
  - (a) Lack of an Enabling Agreement with a Participant;
  - (b) Counterparty issues (e.g., credit);
  - (c) Affiliates restrictions; and
  - (d) Geographic issues causing supply or delivery point restrictions and related regulatory requirements.
- c. Prior to being permitted to submit Bids or Offers, each Participant must affirm that it has executed Service Agreements for Non-Firm Energy Exchange Transmission Service with each Participating Transmission Provider that requires delivery of such agreement or that it otherwise has access to Non-Firm Energy Exchange Transmission Service as to each Participating Transmission Provider through such Participating Transmission Provider's Tariff.
2. Prior to being permitted to provide Non-Firm Energy Exchange Transmission Service, Participating Transmission Providers shall provide sufficient information to permit the Southeast EEM Administrator to create a Network Map of the Southeast EEM Territory for purposes of confirming available capacity for NFEETS along Contract Paths for all potential Energy Exchanges. Prior to the Southeast EEM Commencement Date, the then-current version of the Network Map shall be posted to the Southeast EEM Website, with future updates reported in accordance with Section V of these Market Rules. On an ongoing basis, consistent with the timing requirements of Section IV.B.2.a, each Participating Transmission Provider shall provide the Administrator with the Available Transfer Capability ("ATC") as calculated by the Participating Transmission Provider per the methodology for calculating ATC that each Participating Transmission Provider already specifies in its OATT (or equivalent) and posts on its OASIS (or equivalent), as that ATC may change from time to time.
3. Participant shall supply the Southeast EEM Administrator with any and all information the Operating Committee deems reasonably necessary for the administration of the Southeast EEM System.

**B. Bids and Offers.**

1. Delivery Intervals. Each Clock Hour will consist of four (4) Delivery Intervals:

xx:00 to xx:15;

xx:15 to xx:30;

xx:30 to xx:45; and

xx:45 to xx:00 of the next Clock Hour.

2. Deadlines.

- a. For each Clock Hour, every Participating Transmission Provider's ATC must be available as an input to the Southeast EEM Algorithm no later than fifteen (15) minutes before the start of such next Clock Hour. To the extent a Participating Transmission Provider can update its ATC within a Clock Hour, such updated information must be available as an input to the Southeast EEM Algorithm no later than fifteen (15) minutes before the start of the applicable Delivery Interval.

- b. Each Participating Transmission Provider's Loss Factor and Loss Rate must be available as an input to the Southeast EEM Algorithm no later than fifteen (15) minutes prior to the Clock Hour for which the Loss Factor and Loss Rate are to apply. If the Participating Transmission Provider does not update its Loss Factor and Loss Rate, the values for the prior Clock Hour will apply.

- c. Bid and Offers must be submitted through the Southeast EEM System Interface not earlier than seven (7) days prior to the applicable Delivery Interval and not later than fifteen (15) minutes prior to the Delivery Interval for which they are submitted. Participants may modify or cancel previously submitted Bids or Offers at any time before 15 minutes prior to the upcoming Delivery Interval; no further modifications may be submitted to a Bid or Offer within the fifteen (15)-minute period prior to the applicable Delivery Interval.

- d. The Southeast EEM System will: 1) match the Bids and Offers for the next Delivery Interval, subject to the constraints and limitations established pursuant to this Appendix; and 2) provide an Energy Exchange Notification to all Participants who were matched as an Energy Exchange for the upcoming Delivery Interval, and 3) submit all necessary transmission reservations and e-Tags ten (10) minutes prior to the relevant Delivery Interval.

**3. Bid and Offer Requirements.**

- a.** Each Bid or Offer must include the following components:
  - i. Participant name.
  - ii. Whether the submission is a Bid or an Offer.
  - iii. An amount of Non-Firm Energy (MW) for the Bid or Offer in increments of 4MW blocks.
  - iv. For all Offers, an Offer Price and for all Bids, a Bid Price.
  - v. For all Offers, a Source and for all Bids, a Sink.
  - vi. The specific Delivery Interval to which the Bid or Offer applies.
  - vii. Whether the submission: 1) must be matched in full or not at all or 2) can be matched at any volume below the Bid or Offer volume (subject to the 4MW increment rule) (“All or Nothing Selection”).
  - viii. Any other components as may be required for the Southeast EEM System to perform actions set forth in Section IV.C of this Appendix or to generate the reports described in Section V of this Appendix.
- b.** An Offer may include the maximum Energy Exchange Price that the Participant is willing to accept for a particular Source/Sink pair for the applicable Delivery Interval.
- c.** Participants are permitted to submit multiple Bids or Offers for the same Delivery Interval with varying Source or Sink locations, as applicable, Non-Firm Energy amounts, and pricing, subject to any limitation on the number of Bids or Offers that may be submitted at any one Source or Sink for a particular Delivery Interval as may be established in the Southeast EEM Manuals.
- d.** Submission of Bids and Offers is voluntary; Participants are not required to submit any Bids or Offers for any Delivery Interval.

**C. Matching.**

- 1.** Subject to the constraints defined below and all Bid Information and Offer Information, the Southeast EEM Algorithm will evaluate all Bids and Offers for each Delivery Interval and produce Energy Exchanges.



The Southeast EEM Algorithm will match Bids and Offers so as to result in Energy Exchanges that maximize the Southeast Energy Exchange Market total benefit for the applicable Delivery Interval while simultaneously honoring all the requirements identified in Section IV.A and the constraints identified in Section IV.C.6. The total benefit shall be calculated by aggregating the benefits from each Energy Exchange for the applicable Delivery Interval.

2. The benefit associated with each Energy Exchange will be calculated by taking the difference between the Bid Price and Offer Price and multiplying it by the MW amount of Non-Firm Energy identified in the Energy Exchange, less the costs of transmission services (Losses) provided along the Contract Path.
3. For any Energy Exchange where the Energy Exchange Price exceeds the maximum value submitted in accordance with Section IV.B.3.b., the Energy Exchange Price will be adjusted down to that maximum value, such that the total benefit associated with the Energy Exchange remains the same, but the benefit allocation will be adjusted in the Buyer's favor.
4. Matching Principles.
  - a. Whole and/or partial amounts of Non-Firm Energy shall be matched, consistent with the Participant's All or Nothing Selection in its Bid Information or Offer Information.
  - b. Bids or Offers that can be matched with multiple Participants shall be allowed, subject to the matching rules set forth in this Appendix.
5. Match/Energy Exchange Price.
  - a. Each Energy Exchange Price will be the sum of: 1) the average of the Bid Price and Offer Price for the Energy Exchange, and 2) half the net Losses for all Transmission Service Providers along the Contract Path, where net Losses equals the Losses paid for by Seller minus the Losses paid for by Buyer.
  - b. Data demonstrating Losses will be incorporated into the Energy Exchange Price.
    - i. Each Participating Transmission Provider determines the method for pricing its Losses;
    - ii. Each Participating Transmission Provider is responsible for updating its Tariff to address how Losses will be priced; and
    - iii. Loss Rate and Loss Factor are an input into the algorithm by the relevant Participating Transmission Provider.

6. Constraints.
  - a. Participant-Specific Constraints. In matching Bids and Offers, the Southeast EEM Algorithm will take into account the Participant-Specific Constraints submitted by the Bidders and Offerors in accordance with Section IV.A.1.b.
  - b. Generally Applicable Constraints.
    - i. In matching Bids and Offers, the Southeast EEM Algorithm shall not make any Energy Exchanges that would cause the ATC of any Participating Transmission Provider on any given Contract Path to be exceeded.
    - ii. Energy Exchanges shall not be made that cause:
      - (a) A Buyer to purchase more MW than the amount set forth in its Bid;
      - (b) A Seller to sell more MW than the amount set forth in its Offer; and
      - (c) For matched Bids and Offers, the Energy Exchange Price to (i) be less than the Offer Price plus half of net Losses, as calculated per Section IV.C.5.a, and (ii) more than the Bid Price minus net Losses, as calculated per Section IV.C.5.a.
    - iii. The Southeast EEM Algorithm shall only make Energy Exchanges that yield positive benefits to both Buyer and Seller, as defined in Section IV.C.2, after Losses have been considered.
    - iv. The total MW of potential Energy Exchanges in any Delivery Interval shall not exceed the aggregate amount of Non-Firm Energy identified in the applicable Offers or Bids for such Delivery Interval.
    - v. A Participant's Bid may not be matched with an Offer made by the same Participant.
    - vi. The Southeast EEM Algorithm shall not create Energy Exchanges in the same Delivery Interval that would create offsetting Energy Exchanges whereby Participant 1 sells to Participant 2 while Participant 2 sells to Participant 1 during the same interval at the same location.
7. Treatment of Identical Offers or Bids.

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- a. In the event that multiple Bids or Offers that are at the same price at a Source or Sink are identical which create the same benefit for the Southeast EEM, a randomized preference will be assigned to the Bid(s) or Offer(s). Additionally, randomization will be employed in the algorithm in all other situations if a heuristic is required to resolve ties or ambiguities.
- 8. Notification, Scheduling, and Transmission for Energy Exchanges.
  - a. After an Energy Exchange for a Delivery Interval is determined:
    - i. The Bidder and Offeror shall be notified of match via an Energy Exchange Notification.
    - ii. Transmission reservations and e-Tags shall be automatically created by the Southeast EEM System based on the matches within the time frame noted above. All e-Tags will be sent to the applicable Participating Transmission Provider(s), Balancing Authority(ies) and matched Participants. Consistent with the discretion afforded to Participating Transmission Providers and Balancing Authorities in the NAESB business practices, each participating Balancing Authority within the Territory agrees that it will not reject an e-Tag automatically created by the Southeast EEM System on the basis that it was submitted less than twenty (20) minutes prior to the Delivery Interval but at least ten (10) minutes prior to the Delivery Interval.
    - iii. The Southeast EEM System will generate and provide sufficient information to Participating Transmission Providers to validate and collect payment for Losses from applicable Buyers and Sellers for each Energy Exchange.
    - iv. Appropriate OASIS information will be provided to the relevant Participating Transmission Service Providers.
- 9. The contractual “point of sale” of an Energy Exchange will be at the Buyer’s Balancing Authority border for a transaction delivered out of or thru one or more Balancing Authorities. For an Energy Exchange that stays within one Balancing Authority (Source and Sink in same Balancing Authority), the “point of sale” will be at the bus of the Seller’s Source. For an Energy Exchange fully delivered to a Buyer’s Balancing Authority border, the Participant acting as the Seller will be the responsible party for the transmission service to deliver the Non-Firm Energy to the “point of sale” and the Buyer will be responsible for the transmission service required to sink the Non-Firm Energy. For an Energy Exchange that stays within one Balancing Authority, the Buyer will be the responsible party for the

transmission service required to sink the Non-Firm Energy. For avoidance of doubt, Non-Firm Energy Exchange Transmission Service must be used for the entire Contract Path from Source to Sink for all Energy Exchanges.

**V. SOUTHEAST EEM ENERGY EXCHANGE REPORTS.**

The Southeast EEM Administrator and the Company System Administrators shall create and maintain the reports concerning Energy Exchanges as required by the Operating Committee. The reports that are provided by the System Administrators shall include, but need not be limited to, the following:

- A. Public Monthly Informational Report.** This report shall be generated by the Southeast EEM Administrator and posted to the Southeast EEM Website on or before midnight of the fifth Business Day of the following month and shall include the following information from the prior month, with the exception of information provided under Section V.A.9-12, which information will be posted on a four-month lag starting on the fifth Business Day of the fifth month following the Southeast EEM Commencement Date:
1. Any changes made to the Network Map;
  2. Minimum, maximum, and average match prices;
  3. Amount of Non-Firm Energy offered and sold as well as bid and purchased over all Delivery Intervals;
  4. Amount of Non-Firm Energy that flowed once matched as an Energy Exchange;
  5. Total number of Energy Exchanges;
  6. Total benefit to be calculated in accordance with Section IV.C.2;
  7. Minimum, maximum, and average MW Energy Exchange amount;
  8. Energy Exchanges made but not executed;
  9. Bid/Offer Price, quantity, and All or Nothing information for each Bid and Offer in each Delivery Interval, subject to appropriate masking to remove Participant identities and Source and Sink information;
  10. Matched Bids and Offers with their associated Energy Exchange Price, subject to appropriate masking to remove Participant identities and Source and Sink information;
  11. The total number of possible counterparties not subject to a Participant-Specific Constraint for each Seller in each Delivery Interval, subject to

appropriate masking to remove Participant identities and Source and Sink information;

12. The total number of possible counterparties not subject to a Participant-Specific Constraint for each Buyer in each Delivery Interval, subject to appropriate masking to remove Participant identities and Source and Sink information;
13. ATC made available to the Southeast EEM by each Participating Transmission Provider for each Delivery Interval, as well as the amounts of such ATC that are not used by the Southeast EEM; and
14. Implied marginal benefit information for each ATC limit for each Delivery Interval, to the extent such information can reasonably be produced by the Southeast EEM Algorithm.

**B. Public Daily Informational Report.** This report shall be generated by the Southeast EEM Administrator and posted to the Southeast EEM Website by 6:00 A.M. CPT and shall include the following aggregated information from the prior day:

1. Total number of Bids and Offers during each Clock Hour of the prior day;
2. Amount of Non-Firm Energy offered and sold as well as bid and purchased during each Clock Hour of the prior day;
3. Number of Energy Exchanges executed for each Clock Hour of the prior day;
4. Total number of Participants who submitted Bids for each Clock Hour of the prior day;
5. Total number of Participants who submitted Offers for each Clock Hour of the prior day; and
6. Weighted average match price per Clock Hour.

**C. Public Hourly Informational Report.** This report shall be generated by the Southeast EEM Administrator and posted to the Southeast EEM Website fifteen (15) minutes after the applicable Clock Hour and shall include the following aggregated information from the applicable Clock Hour:

1. Total number of Bids and Offers during that Clock Hour;
2. Amount of Non-Firm Energy offered and sold as well as bid and purchased during that Clock Hour;
3. Number of Energy Exchanges executed for that Clock Hour;

4. Total number of Participants who submitted Bids during that Clock Hour; and
5. Total number of Participants who submitted Offers during that Clock Hour.

**VI. AUDITING AND DATA ADMINISTRATION.**

- A. Archiving of Data.** All Southeast EEM System input data necessary to recreate and audit any Delivery Interval, and all Southeast EEM System output data for each Delivery Interval, shall be archived such that at least the three prior months of data can be retrieved in real time. Five (5) years of data shall be archived off-line. Participants may request access to their own data and it shall be made available upon request within 24 hours. Data older than five (5) years shall be deleted at the end of each month on a rolling basis.
- B. Access to Southeast EEM System Energy Exchange Data.**
1. The Southeast EEM Administrator shall have access, via system software, to the results of the matching process for any Delivery Interval of on-line history. The data to which the System Administrators have access shall include raw Participant data, matched output data, and intermediate results of the algorithm. To be clear, the Southeast EEM Administrator shall be able to run all of the reports available in the system and view the data for all Participants.
  2. Each Participant will be required to identify an administrator that is authorized by the Participant to run and review all of the reports available in the Southeast EEM System that are redacted to only show the information related to the Participant it represents (the “Company System Administrator”). The Southeast EEM System will provide each Company System Administrator with the right to grant access to certain reports and related data to identified delegates within the Participant’s organization. Each Company System Administrator (and any delegate identified by the Company System Administrator) shall be able to run all of the reports available in the system but receive only the data that belong to the Participant it represents.
- C. Additional Southeast EEM Administrator Functions.** Subject to the limitations set forth in subsection (B) above, the Southeast EEM Administrator shall employ the system software to perform the following functions:
1. Oversee the matching process;
  2. Maintain model data and Southeast EEM System parameters; and
  3. View Participant usage statistics and generate Participant benefit reports.

**D. Auditing Process.** Auditing functions will be performed by the Market Auditor at the direction of the Membership Board. The Market Auditor will report its conclusions, and provide any supporting data in the event that problems are identified to the Membership Board on an after-the-fact, periodic basis. This will be accomplished through the Southeast EEM Website posting process identified in Section VI.D.6, thereby ensuring that access to these reports by the Members and others will be simultaneous, subject to any applicable confidentiality restrictions. Auditing functions include the following:

1. Verify that the Southeast EEM System operates in accordance with the Southeast EEM Rules, including the determination and application of Bids, Offers, constraints, matched settlements, OASIS reservations, and e-tags.
2. Ensure that Energy Exchange data is available to the applicable Participants in accordance with the Southeast EEM Rules.
3. Report to the Membership Board any concerns regarding the reliability and accuracy of the Southeast EEM System process and results including any instance of operational problems or anomalies with the functioning of the Southeast EEM System.
4. Provide evaluation regarding the proper functioning of the Southeast EEM System, including verifying the compliance of the Southeast EEM System with the Participant-Specific Constraints and Generally Applicable Constraints identified in Section IV.B.6 related to the operation of the Southeast EEM System.
5. Report any complaints received from a Participant to the Membership Board, and investigate and report further at the Membership Board's direction. Within sixty (60) days of receiving a complaint from the Market Auditor, the Membership Board must cause to be posted to the Southeast EEM Website either (1) a determination as to whether an investigation into the complaint will be opened; or (2) a notice that the Membership Board requires more time to determine whether to investigate the complaint. Any notice posted under this subsection will be made subject to all applicable confidentiality restrictions.
6. Respond to written questions from Participants, FERC, NERC, applicable state commissions in the region, Tennessee Valley Authority's Inspector General, and any other applicable regulators that oversee the electric operations of any Member regarding the integrity of the matching process. Such information requests and Market Auditor responses (which will be provided, where reasonable, within thirty (30) days), along with any reports generated by the Market Auditor in accordance with these Market Rules, will be provided to the Southeast EEM Administrator, which will post such documents to the Southeast EEM Website. To the extent that such information (whether the question or the response or other document) is

Transmission Function Information (as defined below) or Commercially Sensitive Information (as defined below), it will be posted to a confidential section of the Southeast EEM Website accessible only to Participants, and access by Participants shall be governed pursuant to the confidentiality provisions of the Participant Agreement. Access by regulators shall be subject to a standing request that such regulators treat such information with the highest degree of confidentiality permissible under law applicable to each such regulator. “Transmission Function Information” shall have the meaning provided at 18 C.F.R. Sections 358.3(j), or the successor to that provision. “Commercially Sensitive Information” shall include any information that could confer a competitive advantage on the recipient, or whose disclosure could harm or commercially disadvantage an entity associated with the information, including, but not limited to, any Participant-specific information, such as the Bid and Offer information provided to FERC and the Market Auditor every seven days. The entity providing the information for the Southeast EEM Administrator to post to the Southeast EEM Website (i.e., typically the Market Auditor) shall be responsible for determining which information posted to the Southeast EEM Website should be placed in the confidential section of the Southeast EEM Website, and shall resolve any uncertainty in favor of treating the information confidentially. In no event shall the Market Auditor or Southeast EEM Administrator cause Commercially Sensitive Information that is identifiable to a particular Participant or Critical Energy/Electric Infrastructure Information to be posted to the Southeast EEM Website. Members shall have access to information posted on the Southeast EEM Website at the same time and subject to the same restrictions as other Participants. To the extent that the Market Auditor is required to provide a report or document to the Membership Board, it will do so by notifying the Membership Board when the report or document has been posted to the Southeast EEM Website.

7. Except as otherwise specified herein, the Membership Board will be responsible for defining the time interval(s) for the auditing function to be performed and for the Market Auditor to report back to the governing body. Such interval(s) will be published in the Southeast EEM Manuals.

**E. Data Administration.**

1. Parameters. The Southeast EEM Administrator shall maintain the following Southeast EEM System configuration parameters, which shall be posted for access by all Members:
  - a. The matching process start time for each Clock Hour;
  - b. The number of minutes before the start of the matching process when no additional Bids and Offers will be accepted;



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- c. The number of minutes before the start of the matching process by which the processing of any in-transit Bids and Offers must be completed;
- d. The addition or deletion of Participants;
- e. The addition or deletion of a Company System Administrator for each Participant;
- f. Manage, store, and safeguard data (e.g., Bid, Offer, match, and Participant Information) to ensure appropriate levels of confidentiality and records retention;
- g. Grant access to the data on the Southeast EEM System as appropriate;
- h. Supply data to Participants involved in Energy Exchanges to complete the applicable transaction, including (but not limited to):
  - i. Participant identification of the Buyer and the Seller;
  - ii. Balancing Authority Area identifications for the MWh quoted by the Buyer and the Seller;
  - iii. e-Tag number;
  - iv. Transaction quantity in MW/MWh, including the MWh out of the Source area and the MWh into the Sink area;
  - v. Information specifically related to an Energy Exchange (not price of the other side of the match as may reveal sensitive transmission information);
  - vi. Energy Exchange Price;
  - vii. Benefit for the Buyer and the Seller in total dollars and \$/MWh; and
  - viii. Energy Exchanges not executed.
- i. Supply needed information/data for auditing functions to ensure that the Southeast EEM System is being properly administered.

**APPENDIX C**

**SOUTHEAST EEM AGENT SCOPE**

The Southeast EEM Agent Scope shall be limited to the following:

- a. Subject to paragraph (b) below, the Southeast EEM Agent shall execute contracts with third parties solely as the agent for and on behalf of the Members and not in the Southeast EEM Agent's own name or for its own account.
- b. The Southeast EEM Agent shall be empowered to execute contracts only after being given specific written or electronic authorization to do so by the Membership Board, or in the case of minor or unsubstantial contracts, the Operating Committee, in either case as delivered to the Southeast EEM Agent by the Membership Board or the Operating Committee, as applicable.
- c. The Southeast EEM Agent shall be authorized to execute amendments to contracts entered into on behalf of the Members, provided that such amendment is authorized by the Membership Board or, in the case of minor or unsubstantial contracts, by the Operating Committee, in either case as delivered to the Southeast EEM Agent by the Membership Board or the Operating Committee, as applicable.
- d. For convenience, the Southeast EEM Agent shall be authorized to accept notices under the contracts that it executes on behalf of the Members.
- e. The Southeast EEM Agent shall not be involved in the billing process under the vendor contracts. Third-party vendors will bill the Members directly for their proportionate share of the costs under the contracts executed by the Southeast EEM Agent on behalf of the Members.
- f. If certain vendors are unwilling to bill Members directly, the Membership Board shall develop an alternative billing arrangement, such as using a third-party billing agent.
- g. The Southeast EEM Agent shall not have any special role in, or authority over, the operation or administration of the Southeast EEM System. The vendor contracts shall specify that the day-to-day contact for such vendor shall be the Operating Committee, not the Southeast EEM Agent.
- h. The Southeast EEM Agent shall not be exposed to incremental liability for actions taken within the Southeast EEM Agent Scope.

**APPENDIX D**

**INFORMATION PROVIDED TO FERC AND MARKET AUDITOR**

- a. Participant, Bid/Offer Price, quantity, location, and All or Nothing information for each bid and offer in each Delivery Interval;
- b. Specific parameter data for each Participant for all 15-minute Delivery Intervals, including counterparties the Participant has elected to not be matched with for a Delivery Interval and Balancing areas for which the Participant has elected not to be matched with a counterparty during a Delivery Interval;
- c. Enabling Agreement counterparties for each Participant;
- d. The Network Map, updated as necessary;
- e. For each Delivery Interval, ATC made available to the Southeast EEM by each Participating Transmission Provider, as well as the amounts of such ATC that are not used by the Southeast EEM;
- f. Price caps, as relevant for each Participant;
- g. Matched Bids and Offers with their associated scheduled MWh quantity and Energy Exchange Price;
- h. Implied marginal benefit information for each ATC limit for each interval, to the extent such information can reasonably be produced by the Southeast EEM Algorithm; and
- i. Descriptive information, such as Participant names and unique identifiers.