

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Federal Energy Regulatory Commission on Data Collection for Analytics and Surveillance and Market-Based Rate Purposes June 2021

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Federal Energy Regulatory Commission (Commission) on Data Collection for Analytics and Surveillance and Market-Based Rate Purposes (MBR). GLEIF will focus its comments on the use of the Legal Entity Identifier (LEI) in the request for comments.

First, some background information on the LEI and GLEIF.

The LEI itself is a 20-digit, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO). The code connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions including their ownership structure.

Established by the Financial Stability Board in June 2014 under the mission of improving financial stability and transparency due to the aftermath of the financial crisis, GLEIF is tasked to support the implementation and use of the LEI. Even though the primary and initial usage and adoption of the LEI was around financial markets and financial instruments, the LEI is use agnostic and therefore has been embraced by different industry sectors and regulators since its introduction by the Regulatory Oversight Committee and the Financial Stability Board in 2012. Further details on the use of the LEI in regulatory initiatives is provided [here](#).

GLEIF would like to provide combined comments to Questions 9 and 10:

9. Specifically, this Notice proposes to update the MBR Data Dictionary and add three new attributes to the Entities to Entities table. These new attributes are: The blanket authorization docket number, and the utility ID types and the utility IDs of the utilities whose securities were purchased under the corresponding blanket authorization docket number. The appropriate Sellers would be required to submit the docket number of the proceeding in which the Commission granted the section 203(a)(2) blanket authorization and the upstream affiliate whose securities were acquired pursuant to the section 203(a)(2) blanket authorization.

10. We believe that these new attributes are necessary to prevent the connection of unaffiliated entities when auto-generating asset appendices, consistent with our findings in NextEra. The draft of the Entities to Entities table in MBR Data Dictionary which describes these fields in detail is attached in Appendix A. We seek comment on these changes.

GLEIF supports adding new data attributes to the MBR Data Dictionary. GLEIF welcomes the Commission's proposed inclusion of the Legal Entity Identifier (LEI) in the MBR Data Dictionary and in the Entities to Entities table. However, GLEIF suggests that the Commission incorporate the LEI more broadly for all reporting entities and not only for cases where the utility has an existing LEI by removing the "if available" qualification and requiring the LEI in all cases.

Partial inclusion of the LEI results in partial coverage which limits the potential benefits of using the LEI.

Consistent use of the LEI among U.S. federal agencies could greatly enhance information sharing across different government entities. Today, the U.S. government utilizes [more than 50 different identifiers](#) for legal entity identification; which causes manual reconciliation of data and drain of resources. Instead of using/accepting multiple identifiers, the Commission could leverage the LEI, as an established open source identifier, to harmonize and share critical data among federal agencies. For example, as Environment, Social, Governance (ESG) data continues to become more relevant and transparent, how could the Commission's Company Identifier (CID) be harmonized with the Security and Exchange Commission's (SEC) Central Index Key (CIK), which is used for reporting to the SEC, in particular for utility companies that obtain both identifiers?

The Foundation for Evidence-based Policy Making Act of 2018 (Evidence Act) requires that data be open and be shared across federal agencies. Furthermore, President Biden's Memorandum on Restoring Trust in Government Through Scientific Integrity and Evidence-Based Policymaking further supports the Evidence Act:

“(d) Consistent with the provisions of the Foundations for Evidence-Based Policymaking Act of 2018, heads of agencies shall, as appropriate and consistent with applicable law, expand open and secure access to Federal data routinely collected in the course of administering Federal, State, local, Tribal, or territorial government programs or fulfilling Federal, State, local, Tribal, or territorial government mandates..”

Consultations and amendments to existing requirements are opportunities to re-consider existing identifier schemes with longer term vision for a broader, standardized and consistent use of global standards and open sharing across US agencies.

The value proposition of LEI has been recognized by several U.S. regulators, not limited to just the Commission, however also including the Commodities Future Trading Commission (CFTC), Federal Reserve, Consumer Financial Protection Bureau, National Association of Insurance Commissioners, U.S. Treasury and most notably Securities Exchange Commission, which holds the vast majority of LEI regulatory inclusions.

Obtaining an LEI

LEI issuers, also referred to as Local Operating Units (LOUs), supply registration, renewal and other services, and act as the primary interface for legal entities wishing to obtain an LEI. The process of ensuring LEI data quality starts with the registering entity. Through self-registration, the registering entity must provide accurate legal entity reference data. It is then the responsibility of the LEI issuers to verify the legal entity reference data with the local authoritative source, e.g., a Business Register, and issue an LEI compliant with the LEI standards. Only organizations duly accredited by GLEIF are authorized to issue LEIs. [Accreditation](#) is the process by which GLEIF evaluates the suitability of organizations seeking to operate as LEI issuers.

A key component to fulfilling the requirements for accreditation is compliance with the fee principles which LOUs charge for the creation of a LEI. LOUs must operate under cost recovery principles and make that transparent during accreditation and annual reviews thereafter. Once accredited, LOUs follow the

validation and verification processes outlined in accreditation, such as verifying LEI reference data with authoritative sources. It should be noted that obtaining an LEI is neither complicated nor expensive. Moreover, many public power companies have LEIs, as do many city utilities, as both are often issuers of debt, since the LEI already has formidable traction within the financial markets.

Data quality is also ensured via the annual LEI renewal process. While the legal entity is required to notify the managing LEI issuing organization when changes occur to its legal entity reference data, the annual renewal process ensures that, at a minimum, the legal entity and the LEI issuing organization review and re-validate the legal entity reference data.

The Commission could also benefit from data that accompanies a LEI record. For example, company name, address (legal and headquarters) as well as direct and ultimate parent data for consolidating entities.

GLEIF would be pleased to further engage with the Commission on this topic and provide further information, if requested.