

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Review of Market Monitoring Policies

Docket No. AD07-8-000

SECOND NOTICE OF TECHNICAL CONFERENCE

(March 9, 2007)

On January 25, 2007, the Federal Energy Regulatory Commission (Commission) announced that a conference will be held to review the Commission's general policies regarding market monitoring, on April 5, 2007, at the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426 in the Commission Meeting Room. The Commission had announced its intent to hold this conference in *PJM Interconnection, LLC., order on reh'g*, 117 FERC ¶ 61,263 (2006).

The Commission is making one change in the schedule with this notice, *viz.*, to change the beginning of the conference from 9:30 a.m. to 9:00 a.m. (EDT).

All interested persons are invited to attend. There is **no** registration fee to attend.

Proactive oversight of the activities of regulated entities is a relatively recent development in the history of the Commission's utility regulation, one largely driven by the Commission's efforts to make greater use of market forces to discipline the activities of regulated entities. A significant aspect of this oversight effort has been the development of market monitoring units (MMUs) in the Commission-regulated Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs), along with the establishment of independent market monitors (IMMs) of certain vertically integrated utilities as a condition of approving those utilities' mergers or acquisition of assets. In addition, almost five years ago, the Commission dedicated staff members, now located in the Office of Enforcement's Division of Energy Market Oversight (DEMO), to monitor natural gas and electricity markets. In that capacity, DEMO staff works closely with the MMUs and IMMs.

In the technical conference, the Commission would like to explore the effectiveness of MMUs and IMMs both in performing market oversight and in serving a variety of interested stakeholders. The Commission does not intend to evaluate any individual MMU or IMM or to discuss issues in any pending proceeding. Rather, the Commission would like to focus on the concepts and principles involved in market monitoring and the relationship between the market monitors and the Commission market monitoring staff, informed by the experience of the industry since the inception of market monitoring. Of course, the Commission does not go into this conference with a blank slate. To the contrary, the Commission has spoken on many occasions on the role of market monitors in generic and case-specific proceedings. The Commission also issued a policy statement in May 2005. *See Policy Statement on Market Monitoring Unit*, 111 FERC ¶ 61,267 (2005) (and citations therein). Accordingly, rather than hearing about

what it has done, the Commission would like to hear about what it should do to improve its market monitoring program.

With these thoughts in mind, the technical conference will be made up of two panels, each examining the role and effectiveness of market monitors from their respective perspectives, especially as that relates to market monitoring in the RTOs and ISOs. The panelists may discuss the IMMAs as well as the MMUs.

After time reserved for initial statements by the Members of the Commission starting at 9:00 a.m., the first panel (9:30 a.m. until 10:30 a.m.) will consist of individuals who have participated in, written about, or are otherwise informed about the development of the concept and function of market monitoring. Members of this panel will be asked to answer the following questions:

1. What is the Commission's market monitoring role in the context of ensuring the competitiveness of wholesale electricity markets?
2. How do MMUs (as a concept or function) generally serve or facilitate that role?
3. What changes, if any, in the current structure of MMUs could enhance their ability to assist the Commission in its market monitoring role?
4. Are there other industries that are subject to comparable monitoring activities, and, if so, how are these activities structured?

The next panel will be held in three parts (10:45 a.m. to 11:45 a.m., 12:00 noon to 1:00 p.m., and 2:00 p.m. to 3:00 p.m.) and will consist of representatives from the MMUs, the ISOs or RTOs, and the various Stakeholders (including market participants, state regulators, and consumers), respectively. Members of these panels will be asked to answer the following questions:

1. MMUs' Role With Respect to FERC:
  - What are the key functions of the role that MMUs have performed?
  - Should these functions be changed or improved?
  - What changes, if any, in the current structure of MMUs would allow them to more effectively assist the Commission in performing its market oversight activities?
2. MMUs' Role with Respect to ISOs/RTOs:
  - What are the key functions of the role that MMUs have performed with respect to the operations of the ISOs/RTOs, including the operation of the transmission grid and Day 1 or Day 2 energy markets?
  - Should these functions be changed or improved?

- What changes, if any, in the current structure of MMUs would allow them to more effectively assist ISOs/RTOs?
3. MMUs' Role with Respect to the various Stakeholders:
- What are the key functions of the role that MMUs have performed with respect to stakeholders?
  - Should these functions be changed or improved?
  - What changes, if any, in the current structure of MMUs would allow them to more effectively assist stakeholders?

Anyone interested in serving on one of these panels should contact Saida Shaalan at 202-502-8278 or by e-mail at [Saida.Shaalan@ferc.gov](mailto:Saida.Shaalan@ferc.gov) on or before March 22, 2007. Please be advised, however, that the Commission may not be able to accommodate everyone who asks to be a panelist. Persons interested in serving on panels are therefore encouraged to coordinate their positions and choose a single panel representative. The Commission will issue a subsequent notice naming the panelists and providing further guidance on the format for presentations, which will be limited in time (probably five minutes) to provide sufficient opportunity for discussion.

As stated in the first notice issued January 25, 2007, a free webcast of this event will be available through [www.ferc.gov](http://www.ferc.gov). Anyone with Internet access who desires to view this event can do so by accessing [www.ferc.gov](http://www.ferc.gov)'s Calendar of Events and locating this event in the Calendar. The event will contain a link to its webcast. The Capitol Connection provides technical support for the webcasts and offers access to the meeting via phone bridge for a fee. If you have any questions, visit [www.CapitolConnection.org](http://www.CapitolConnection.org) or contact Danelle Perkowski or David Reininger at 703-993-3100.

Transcripts of the meeting will be available immediately for a fee from Ace Reporting Company (202-347-3700 or 1-800-336-6646). They will be available for free on the Commission's eLibrary system and on the events calendar approximately one week after the meeting.

FERC conferences and meetings are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations please send an email to [accessibility@ferc.gov](mailto:accessibility@ferc.gov) or call toll free (866) 208-3372 (voice) or 202-502-8659 (TTY), or send a fax to 202-208-2106 with the required accommodations.

Philis J. Posey  
Acting Secretary