

# Market Monitoring

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**NYMOC**  
**NYISO**  
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# Objectives

- ◆ Upon completion of the session, participants will be able to describe:
  - *Why Market Monitoring is necessary*
  - *The Authority under which Market Monitoring operates*
  - *The function of Market Monitoring*
  - *Examples of monitored activities*
  - *The mitigation process*

# Why is Market Monitoring necessary?

- ◆ Power is a unique Commodity
  - **Subject to bottlenecks**
    - *Unable to store power*
    - *Dependent on physical distribution infrastructure*
    - *Example: New York City*
  
- ◆ Although market power cannot be eliminated, it can be monitored and its impact mitigated when necessary.

# Market Monitoring & Performance:

- ◆ Ensures competitive market outcomes
  - **Monitor and mitigate anti-competitive behavior**
- ◆ Ensures that market signals are appropriate
  - **Propose market design changes to improve market signals**
- ◆ Ensures transparency of market signals
  - **Sufficient data available to the market and to regulators**

# Authority under which MM&P operates:

- ◆ Market Monitoring Plan
  - Accepted by the Federal Energy Regulatory Commission
  - Outlines MMP functions and responsibilities
- ◆ Attachment H to NYISO Market Services Tariff
  - Mitigation measures
  - Penalties and Sanctions

*Market issues beyond those explicitly covered by the Tariff can be reported to the FERC's Office of Enforcement or referred to the FERC under Section 205 or Section 206 of the Federal Power Act (as appropriate).*

# Functions & Responsibilities

- ◆ **Market Monitoring**
  - **Participant behavior**
  - **Market outcomes**
  - **Mitigation**
  - **Investigations**
  - **Penalties and sanctions**
- ◆ **Analysis**
  - **Long-term studies**
  - **Market simulations**
- ◆ **Performance**
  - **Market Performance Reports**
    - *Presented internally and to NYISO Stakeholder Committees*
  - **Market design reviews**
  - **Interface with Regulators on market issues**

# Examples of what is monitored

- ◆ **Participant Behavior**
  - **Economic and Physical Withholding**
  - **Actions that Cause Operational Impact**
  - **Uneconomic Over-production from Electric Facilities**
  - **Persistent Underbidding by LSEs**
  - **Virtual Bidding**
  
- ◆ **Market Outcomes**
  - **Energy, Ancillary Services, Bid Production Cost Guarantees**
  - **Physical and Virtual Load and Supply Schedules**
  - **Single-hour and Multi-hour Transactions**
  - **Transmission Congestion Contracts**
  - **TCC and ICAP Auctions**
  - **Physical Facilities**

# Mitigation and Reference Levels

- ◆ Conduct
  - **Behavior**
  - **Reference Levels**
  - **Thresholds**
  
- ◆ Impact
  - **Outcomes**
  - **Thresholds**

# Reference Levels

- ◆ Determined by Participant behavior
  - **Freewill Bids and Offers: Prices and Quantities.**
  - **Economic Behavior in a Workably Competitive Environment.**
  
- ◆ Cost information
  - **Data Submitted Pursuant to Appendix B of the Plan.**

# Does Conduct and Impact Exceed Thresholds? (cont.)

- ◆ Thresholds for Load Bidding.
- ◆ Thresholds for Virtual Bidding.
- ◆ Thresholds for Uneconomic Over-Production.
- ◆ Thresholds for time and other bid based parameters i.e. min run time, max stops, etc.

# When We Act

- ◆ If Monitoring finds behavior violating defined conduct and impact thresholds
  - **Mitigation**
  - **Penalty and/or Sanction**
  - **Section 205 filing**
- ◆ If Reporting indicates non-competitive outcomes (price divergence)
  - **Conversations with Market Participants**
  - **Rule Changes**
  - **May be necessary to contact FERC enforcement**

Note: Not all investigations/conversations lead to mitigation or action

# Where to find it on [www.nyiso.com](http://www.nyiso.com):

- ◆ The Plan
  - **/Documents/Tariffs/Market Services Tariff**
    - *Includes Attachment H - Market Mitigation Measures*
  - **/Services/ Market Monitoring/Market Monitoring Plan**
    - *Includes Addendum B – Data MMP may request*
- ◆ Daily LBMP Postings
  - **/Market data/Pricing data**
- ◆ Monthly Statistics
  - **/Documents/Studies & Reports/Monthly Reports**

# Where to find it - continued

- ◆ Tech Bulletins /Documents/Tech Bulletins
  - **68 Temporary Reference Price Adjustment Request Process**
  - **75 Procedure to Apply for a Capacity Limited Resource (CLR), Energy Limited Resource (ELR) or Temperature Dependent Classification**
  - **76 Bidding, Scheduling and Settlement Rules for Capacity Limited Resources (CLR) or Energy Limited Resources (ELR)**
  - **104 Requesting a Formal NYISO Investigation**
- ◆ Reference Price Submittal Instructions & Forms
  - **Services/Market Monitoring/Reference Price Data submittal**

# In Conclusion

- ◆ Market Monitoring
  - *Ensures competitive market outcomes*
  - *Ensures that market signals are appropriate*
  - *Ensures transparency of market signals*



The New York Independent System Operator (NYISO) is a not-for-profit corporation that began operations in 1999. The NYISO operates New York's bulk electricity grid, administers the state's wholesale electricity markets, and provides comprehensive reliability planning for the state's bulk electricity system.

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