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Regulatory Reporting and Monitoring in a Regional Context

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Overview of Presentation

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- Levels of reporting and monitoring
- Independent Market Monitor (IMM) for PJM
- Data sharing and confidentiality
- Referrals, studies, and reports
- State-level monitoring
- Tools for monitoring

Levels of Reporting and Monitoring

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- State level: Jurisdiction over electric distribution companies (EDCs) serving within that state
- Regional level: No jurisdiction over entities operating in the inter-state level but regional actions usually affects EDC rates/prices.
- Transmission grid operator (PJM) is under the jurisdiction of federal regulator
- Independent Market Monitor (IMM) for PJM

Independent Market Monitor (IMM) for PJM

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- Originally a unit within PJM
- Settlement in 2008 among PJM, Market Monitor, stakeholders to make Market Monitor an independent company; FERC approved the Settlement.
- Market Monitor formed own company – Monitoring Analytics (MA); several employees followed
- MA has initial multi-year contract with PJM to be IMM
- OPSI Advisory Committee created in Settlement Order

Data Sharing

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- Since IMM is independent, market sensitive data is confidential
- Since states do not have direct jurisdiction over PJM and its stakeholders, a process was formulated
- Each OPSI Member Commission can designate any number of its commissioners and staff to be “Authorized Persons”
- Such Authorized Persons are able to receive market-sensitive information from IMM

Data Confidentiality

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- A State Commission files a certification with the FERC representing and warranting that it has adequate internal procedures to protect against the release of confidential information by Authorized Persons, and that it will strictly enforce and periodically review all such procedures.
- A State Commission may not further disclose confidential information it receives under these provisions except by order of the Commission.
- A State Commission may provide confidential information received from PJM or the IMM to its employees, attorneys, and contractors, provided that the State Commission has internal procedures in place to ensure that each person receiving the information protects its confidentiality.

Referrals to State Commissions

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- If during the ordinary course of its activities the IMM discovers evidence of wrongdoing (other than minor misconduct) that the IMM reasonably believes to be within a State Commission's jurisdiction, the IMM shall report such information to the State Commission(s).

Studies or Reports for State Commissions

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- Upon request in writing by the OPSI Advisory Committee, the IMM may provide such studies or reports on wholesale market issues as may affect one or more states within the PJM area.
- Any such request for such a study or report, as well as any resulting study or report, shall be made simultaneously available to the public, with simultaneous notice to PJM members, subject to the protection of confidential information.

IMM Reports

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- Annual state-of-the-market reports on the state of competition within the PJM Markets
- Quarterly reports that update selected portions of the annual report
- The annual reports address the extent to which:
 - prices in the PJM Markets reflect competitive outcomes
 - the structural competitiveness of the PJM Markets
 - the effectiveness of bid mitigation rules
 - the effectiveness of the PJM Markets in signaling infrastructure investment

Requests from State Commission for Information

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- A State Commission can request information from the IMM about any Market Participant who may affect that State
- The IMM shall provide to the Market Participant a written notice of the request no later than 2 business days after the receipt of the request
- The Market Participant shall be given the opportunity to contest the request and to provide a contextual explanation to supplement the information produced by the IMM

Requests from State Commission for Information

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- The Market Participant can object within 4 business days following the request
- The Market Participant may seek a conference with the State Commission to resolve differences concerning the scope or timing of the request
- If no complaint challenging the request is filed within the 10 business day, the IMM shall utilize its best efforts to respond to the request for tailored information promptly.
- If a complaint is filed, and the FERC does not act on that complaint within 90 days, the complaint shall be deemed denied and the IMM shall use its best efforts to respond to the request for tailored information promptly.

State-Level Monitoring

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- Commission staff observes market conditions regularly
- Staff reports to the Commissioners on a regular and as-needed basis
- Technical analyses followed by recommended legal actions

Tools for Monitoring

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- Review of daily and future electricity prices
- Monitor natural gas pipeline activity
- Designated staff members to receive confidential data
- Regular discussions current and relevant energy issues with staff from other states
- Maintain historical database of energy markets
- Monitor utility websites regularly

Regular Reports

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- Quarterly financial statements are filed by companies
- Annual rate/price comparison report
 - all rate elements from all gas and electric companies
 - assembled into the report for the Legislature
- Annual reports, compliance tariffs, quarterly revenues, utility operations, supplier bonding monitored and forwarded to Commission for prosecution when deficiencies occur or violations detected

Summary & Conclusions

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- Data needs should reflect legal mandates
- While enforcement of regulations to prevent abuse is still key, the first action during an outage is not necessarily “to point fingers” but rather to ensure that the utility can restore service immediately
- The regulator can provide reasonable information to legislators and other government officials as well as the public
- Major issues: customer protection and market monitoring
- Technology should not dictate what can be accomplished
- Coordination among other agencies
- Recognize that each state/country is affected by actions outside its borders