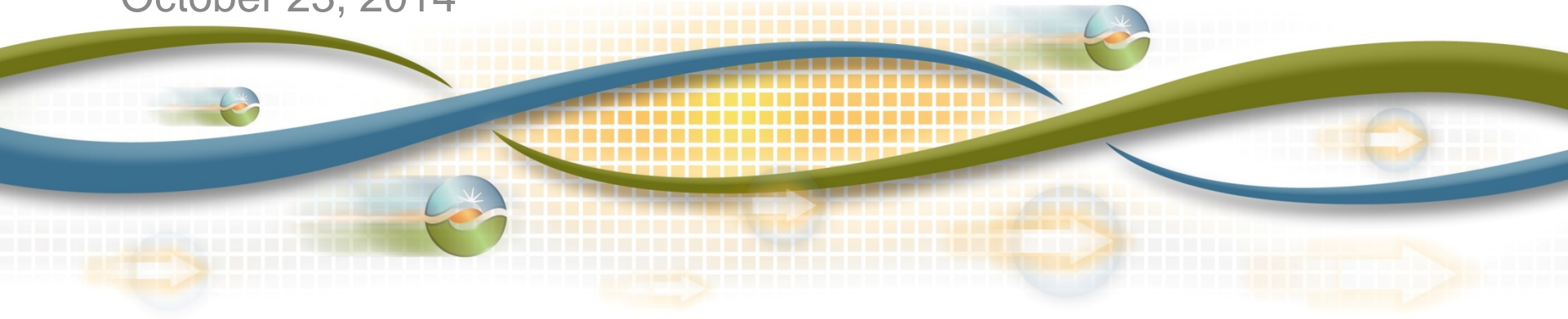




# Briefing on energy imbalance market implementation – Department of Market Monitoring briefing

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Energy Imbalance Market Transitional Committee Meeting  
General Session  
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# Department of Market Monitoring

## Mission Statement

*To provide independent oversight and analysis of the CAISO Markets for the protection of consumers and Market Participants by the identification and reporting of market design flaws, potential market rule violations, and market power abuses.*

Appendix P, Section 1.2

[http://www.caiso.com/Documents/AppendixP\\_CaliforniaISODepartmentOfMarketMonitoring\\_Jul1\\_2013.pdf](http://www.caiso.com/Documents/AppendixP_CaliforniaISODepartmentOfMarketMonitoring_Jul1_2013.pdf)

DMM Webpage

<http://www.caiso.com/market/Pages/MarketMonitoring/Default.aspx>

# Duties of Independent Market Monitor

- Monitor markets to assess:
  - Market performance and efficiency
  - Competitiveness and market power
  - Potential gaming and manipulation
- Provide recommendations on market design and operation
- Prepare quarterly and annual reports on market performance
- Refer potential violations of FERC behavioral rules prohibiting false information and manipulation

# ISO Department of Market Monitoring

- Internal business unit of ISO
  - 15 staff (economics, engineering, data analysis)
  - Access to virtually all ISO market and operational data
  - Work closely with ISO staff on market design and monitoring
- Independence
  - DMM Director reports directly to ISO Board
  - Reports administratively to ISO CEO
- Coordinates directly with FERC
- Frequent communication with PUC staff

# Special EIM Issues

- Market power mitigation
  - Structural assessments of potential market power
  - Effectiveness of bid mitigation procedures
  - Default energy bids for hydro and other limited energy resources
- Market efficiency and competitiveness
  - Transfer capacity between EIM balancing areas
  - Participating vs. non-participating EIM resources
  - Capacity scheduled and offered