

**ISO Market Monitoring and
Information Protocol (MMIP)**

MMIP 1 OBJECTIVES, DEFINITIONS, AND SCOPE

MMIP 1.1 Objectives

This Protocol (MMIP) sets forth the workplan and, where applicable, the rules under which the ISO will monitor the ISO Markets to identify abuses of market power, to ensure to the extent possible the efficient working of the ISO Markets immediately upon commencement of their operation, and to provide for their protection from abuses of market power in both the short term and the long term, and from other abuses that have the potential to undermine their effective functioning or overall efficiency in accordance with Section 16.3 of the ISO Tariff. Such monitoring activities will be carried out by the ISO Market Surveillance Unit and the ISO Market Surveillance Committee to be established and to operate under the terms of this Protocol, as set forth below.

MMIP 1.1.1 Means and Actions

This Protocol sets forth the means of data collection, analysis, decision-making, formulation of corrective actions, and enforcement actions that will be instituted or undertaken by the ISO. It describes the implementation mechanisms to be created by the ISO to serve these purposes.

MMIP 1.1.2 Reporting Requirements

This Protocol sets forth the information dissemination, publication and reporting activities and other means of providing information that the ISO will undertake to meet its reporting requirements to regulatory agencies, ISO Participants and others. The goal of the reporting provisions of this Protocol is to adequately inform regulatory agencies, ISO Participants and others of the state of the ISO Markets, especially their competitiveness and efficiency. This function is designed to facilitate efficient corrective actions to be taken by the appropriate body or bodies when required.

MMIP 1.2 Definitions

MMIP 1.2.1 Master Definitions Supplement

~~Unless the context otherwise requires, a~~Any word or expression defined in the Master Definitions Supplement to the ISO Tariff shall have the same meaning where used in this Protocol. References to a Section or Appendix are to a Section or an Appendix of the ISO Tariff.

References to MMIP are to this Protocol or to the stated section, paragraph or appendix of this Protocol.

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MMIP 2.3.4 Adverse Effects of Transition Mechanisms

Should the monitoring and analysis conducted under MMIP 2.2.3 reveal significant adverse effects of transition mechanisms on competition in or the efficient operation of the ISO Markets, the Market Surveillance Unit shall examine and fully assess the efficacy of all possible measures that may be taken by the ISO and, in consultation with the Compliance Unit of the PX, all possible measures that may be taken by the PX, in order to prevent or to mitigate such adverse effects. The Market Surveillance Unit shall make such recommendations to the CEO of the ISO and to the ISO MSC as it considers appropriate for action in this regard by the PX or the ISO or for referral to the regulatory or antitrust enforcement agencies. Such proposed measures may include, but shall not be limited to the following:

- MMIP 2.3.4.1** the use of direct bid caps as a mechanism to prevent or mitigate artificially high Market Clearing Prices caused by abuses of market power;
- MMIP 2.3.4.2** the use of contracts for differences for eliminating the incentive for Generators to bid ISO prices to artificially high levels enabled by the presence of market power;
- MMIP 2.3.4.3** calling upon Reliability Must-Run Units to operate; and to modify Reliability Must-Run Contracts;
- MMIP 2.3.4.4** bid floors to prevent or mitigate the possible exercise of below-cost bidding or predatory pricing that may arise from the incentives provided by the combined effect of the CTC and the rate freeze when the IOUs are net buyers of Energy.

The CEO and the ISO MSC shall consult on such recommendations and each may, after due consideration, propose any of such measures to the ISO Governing Board. In the event that the ISO Governing Board adopts, and where necessary obtains regulatory approval for, any measure proposed pursuant to MMIP [2.2.42.3.4](#), the Market Surveillance Unit shall develop an implementation plan for such measure, and shall submit such plan to the CEO and ISO MSC. Upon approval of such plan by the CEO, the Market Surveillance Unit shall monitor the implementation and effect of such measure on the state of the ISO Markets and shall periodically report on them to the CEO and the ISO MSC.

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MMIP 3.3.3 Chief Executive Officer (CEO)

MMIP 3.3.3.1 The Market Surveillance Unit shall report to and be accountable to the ISO CEO through the Chief Legal Counsel on all matters relating to the day-to-day administration of the Market Surveillance Unit and the internal resources and organization of the ISO in accordance with MMIP ~~3.3.3(b)~~3.3.3.2.

MMIP 3.3.3.2 The ISO CEO shall ensure that the Market Surveillance Unit has adequate resources and full access to data and the full cooperation of all parts of the ISO organization in developing the database necessary for the effective functioning of the Market Surveillance Unit and the fulfillment of its monitoring function. The ISO CEO shall institute within the ISO such data collection, organization and analytic activities as may be necessary for the Market Surveillance Unit to fulfill its functions and responsibilities.

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MMIP 4.7 Cooperation with PX Compliance Unit and Market Monitoring Committee

In carrying out its responsibilities under this Protocol, the Market Surveillance Unit may at its discretion consult or cooperate in the manner it considers most appropriate with the PX's Compliance Unit and Market Monitoring Committee, or other entities within the PX that fulfill the analogous market monitoring functions, with respect to the following:

MMIP 4.7.1.1(a) exchange of data subject to any limitations on the ISO's ability to disclose commercially sensitive information from other Scheduling Coordinators to the ISO, monitoring methodologies and results, and information on corrective, referral or enforcement actions taken;

MMIP 4.7.1.2(b) monitoring of market performance;

MMIP 4.7.1.3(c) joint analysis of data, subject to any limitations on the ISO's ability to disclose commercially sensitive information from other Scheduling Coordinators to the ISO, and monitoring results of markets and Market Participant behavior;

MMIP 4.7.1.4(d) investigations of specific market abuses; and

MMIP 4.7.1.5(e) proposals for concerted action on enforcement measures, e.g., as to suspensions from trading.

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MMIP 6.2 Evaluation of Information

The ISO MSC may, upon request of the Market Surveillance Unit, the ISO CEO or the ISO Governing Board, or on its own volition, evaluate such information or data, including as may be collected by the Market

Surveillance Unit on the basis of the evaluation criteria developed by the Market Surveillance Unit or on such further articulated evaluation criteria developed by the ISO MSC. In carrying out such evaluations, the ISO MSC may consult the PX's Compliance Unit and Market Monitoring Committee with respect to any matter relating to such evaluations.

MMIP 6.3 Reports and Recommendations

MMIP 6.3.1 Required Reports

All evaluations carried out by the ISO MSC pursuant to MMIP 6.2, and any recommendations emanating from such evaluations, shall be embodied by the ISO MSC in written reports to the ISO CEO and ISO Governing Board and shall be made publicly available subject to due restrictions on dissemination of confidential or commercially sensitive information. [The ISO MSC may submit any report to FERC, subject to due restrictions on dissemination of confidential or commercially sensitive information.](#)

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