

# Briefing on Local Market Power Mitigation Enhancements

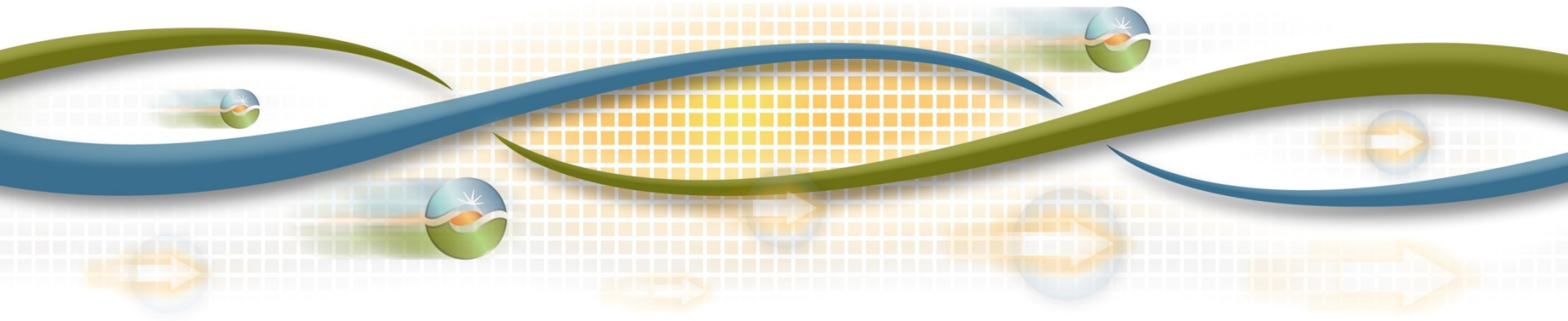
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Board of Governors Meeting

General Session

February 16, 2012



In July 2011, the Board approved a set of enhancements to the ISO's local market power mitigation rules.

- Approved enhancements included a new local market power mitigation methodology and a dynamic competitive path assessment.
- To address implementation concerns, Management proposed a phased implementation:
  - New methodology for bid mitigation targeted for implementation in April 2012.
  - Dynamic competitive path assessment will be implemented in stages.
    - Day ahead implementation spring 2012.
    - Real-time implementation Q4 2012.

# Stakeholders raised concerns about phased implementation plan.

- Concerned that the phased approach for implementing dynamic competitive path assessment could result in over mitigation
  - Static competitive path assessment results in higher number of noncompetitive paths
  - Static path assessment combined with new mitigation methodology could lead to over mitigation in summer 2012
- Board directed Management to conduct an analysis of the expected impacts of the phased implementation plan.

# The Department of Market Monitoring Analysis supports the proposed phased implementation schedule.

- Last week, the ISO published a report prepared by DMM that described the analysis conducted to project the impacts of the phased implementation plan.
- Results show that the expected mitigation becomes more accurate and less frequent over each step of the phased implementation.
  - Supports the phased implementation approach as presented to the Board in July.
- Management does not intend to alter the proposed implementation plan as a result of the analysis.