

MMU Position on Order No. 719 Compliance Matrix
TF719, February 24, 2009

This matrix includes all of the information in the compliance matrix circulated by PJM for the February 3, 2009 Meeting of the 719TF, and adds the position of the MMU on initial compliance status, work plan status. Notes on the MMU position are also added and notes from PJM are designated as such											
Item #	Begin	End	Filing	Category	Sub-Category	Order 719 Summary	PJM Position		MMU Position		Notes
							Initial Compliance Status	Work Plan Status	Initial Compliance Status	Work Plan Status	
4	326	332		Market Monitoring Policies	Independence and Function – Structure and Tools	Decide on MMU structure - internal, external or hybrid.	Compliant	N/A	Compliant	N/A	PJM/MMU: PJM has now moved to an external MMU
5	328			Test	Independence and Function – Structure and Tools	Revise tariff to provide MMU with data and personnel access necessary to carry out their functions.	Compliant	FERC Ready February 2 & 3	Conditional Compliant	Status Conditional on Resolution of other matters	PJM: Attachment M, Art. V.A, V.D. and V.E. re data, personnel and facilities. MMSA Sec. 8.1 grants access to PJM data as set forth in Attachment M and per the SLA. SLA gives MMU access to PJM's production systems for real time data monitoring, and to PJM's dev and test systems. MMSA Sec. 8.2 says MMU share date w/ PJM as "req'd to understand MMU conclusions and analyses." MMU: The Tariff is compliant only if the MMU's role in developing the inputs to prospective mitigation is not distrubed. The MMU does not have the level of data and personnel access necessary if PJM succeeds in eliminating its current role in working with Market Participants to develop agreed upon inputs to prospective mitigation. Should this happen, the tariff will need additional provisions requiring, at a minimum, that PJM and Market Participants (i) keep the MMU fully informed of such discussions, (ii) provide advance notice of meetings, and (iii) provide advance notice, with supporting documentation, explaining the basis for decisions.
6	329			Market Monitoring Policies	Independence and Function – Structure and Tools	*** PJM/MMU Settlement Agreement is in accord with Final Rule regarding structure and tools.***	FERC Comment	N/A	Conditional Compliant	Status Conditional on Resolution of other matters	MMU: The Tariff is compliant if the MMU's role in developing the inputs to prospective mitigation is not distrubed. PJM's proposal to eliminate the MMU current role in working with Market Participants to develop agreed upon inputs to prospective mitigation violates the 2007 settlement in a manner that conflicts with Order No. 719.
7	339	346		Market Monitoring Policies	Independence and Function - Oversight	MMU must report to Board. MMU may report to RTO/ISO management for administrative purposes.	Partially Compliant	FERC Ready February 2 & 3	Compliant	N/A	PJM: Attachment M, Art. III.C., III.D. Regarding MMU reporting to PJM Board, no provision specifically excluding management representatives on Board from oversight function or MMU reporting to management re administrative issues Tariff revisions will be made as presented at the 12/19/08 TF719 meeting. MMU: The definition of the "PJM Board" in Attachment M is adequate.
8	354	360		Market Monitoring Policies	Independence and Function - Functions	MMU functions adopted as follows: 1) Evaluate existing and proposed market rules, tariff provisions and market design elements and propose recommended changes to RTO/ISO and to FERC Office of Energy Market Regulation and other interested entities 2) Review and report on performance of wholesale markets to RTO/ISO, FERC and other interested entities 3) Refer suspected wrongdoing by RTO/ISO or market participants to FERC.	Compliant	N/A	Partially Compliant	In process	PJM: Attachment M, Art. IV.B, IV.C, IV.D., IV.H. and IV.J. MMU: To be consistent with the order, the Tariff should specify MMU's role in developing inputs to prospective mitigation, conducting retrospective mitigation, and developing inputs to procurement functions (e.g., black start service, reactive power).
9	360			Market Monitoring Policies	Independence and Function - Functions	RTO/ISO may require MMU to submit draft reports to RTO/ISO for comment. MMU free to disregard suggestions with which it disagrees.	Partially Compliant	FERC Ready February 2 & 3	Compliant	N/A	PJM: Attachment M, Art. III.C. Attachment M, Art. VI.D includes PJM review of MMU reports while in draft form. MMU: The MMU shares drafts routinely and will continue to do so, but creating a tariff requirement to do so imposes an unnecessary compliance risk on the MMU. <i>The MMU understands that PJM now views the tariff compliant on this point, but would like confirmation on the matrix.</i>

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10	370	379		Market Monitoring Policies	Independence and Function - Mitigation and Operations	Hybrid MMU can authorize internal MMU function to conduct prospective mitigation if external function provides review.	FERC Comment	N/A	N/A	N/A	MMU/PJM: n/a
11	375			Market Monitoring Policies	Independence and Function - Mitigation and Operations	MMU may conduct retrospective mitigation regardless of MMU structure. MMU can provide inputs to RTO/ISO to conduct prospective mitigation.	Compliant	FERC Ready February 2 & 3	Partially Compliant	In process	<p>PJM: Attachment M, Art. IV.E. discusses mitigation generally but says nothing about retrospective or prospective mitigation. We are not required to allow retrospective mitigation. Reviewed to ensure current functionality that might be defined as retrospective mitigation is not lost.</p> <p>MMU: Tariff needs revision to specify MMU's role in conducting retrospective mitigation (OA Sched 1 § 5.2.1(b)) and in preparing inputs to prospective mitigation and for procurement functions.</p>
12	376			Market Monitoring Policies	Independence and Function - Mitigation and Operations	MMU must be removed from tariff administration.	Noncompliant	In Process	No Such Compliance Requirement	N/A	MMU: Order No. 719 does not require that the MMU be removed from all aspects of administering the tariff. The rule specifically reserves an administering role for an external MMU with respect to (i) the market monitoring plan, (ii) retrospective mitigation and (iii) inputs to prospective mitigation. The MMU does not administer any provision under the tariff not covered under the above the exceptions.
13	377			Market Monitoring Policies	Independence and Function - Mitigation and Operations	Purely administrative matters should be conducted by RTO/ISO not MMU.	Noncompliant	In Process	Compliant	N/A	MMU: The MMU is not responsible for any "purely administrative matters" under the tariff.
14	378			Market Monitoring Policies	Independence and Function - Mitigation and Operations	Revise tariff to clearly state which functions are performed by MMU or RTO/ISO.	Compliant	N/A	Noncompliant	?	<p>PJM: Attachment M, Art. IV describes the MMU's functions and responsibilities; PJM's duties and responsibilities are set forth in Section 10.4 of the OA.</p> <p>MMU: There are tasks assigned to the MMU throughout the tariff where the MMU's role is (i) not defined, (ii) not clearly defined or (iii) clearly defined subject to a proposed change by PJM that would make the MMU's role ambiguous, ineffective and subordinate.</p>
15	379			Market Monitoring Policies	Independence and Function - Mitigation and Operations	RTOs/ISOs must review mitigation tariff provisions and revise them to make them as non-discretionary as possible.	Compliant	N/A	Compliant	N/A	<p>PJM: PJM uses an automated test that is run in a non-discretionary manner.</p> <p>MMU: PJM uses an automated test.</p>
16	383	386		Market Monitoring Policies	Independence and Function - Ethics	Revise tariff to include minimum ethics standards for the MMU.	Noncompliant	In Process	Noncompliant	In process	MMU: Need to move ethics requirements from MMSA to Attachment M, perhaps with some tweaks.
17	385			Market Monitoring Policies	Independence and Function - Ethics	Develop transition plan if MMU is performing monitoring for market participants.	Compliant	N/A	Compliant	N/A	<p>PJM: Monitoring Analytics does not perform monitoring services for any other entity besides PJM.</p> <p>MMU: Monitoring Analytics does not and should not provide monitoring services to a PJM Market Participant.</p>
18	392	394		Market Monitoring Policies	Independence and Function - Tariff Provisions	Centralize MMU provisions in tariff. May duplicate within tariff for clarity.	Partially Compliant	In Process	Noncompliant	In process	<p>PJM: Attachment M Following statement needs to move from Attachment U to Attachment M: "Transactions utilizing the ITC Transmission Facilities shall be subject to the authority of the Market Monitoring Unit on the same basis as transactions using the other portions of the Transmission System."</p> <p>MMU: Many provisions need to be housed in a new Appendix to Attachment M. All market monitoring functions must be clearly defined.</p>
19	392			Market Monitoring Policies	Independence and Function - Tariff Provisions	Include MMU mission in introduction of MMU tariff section.	Partially Compliant	FERC Ready February 2 & 3	Partially Compliant	In process	<p>PJM: Mission statement included at beginning of Attachment M.</p> <p>MMU: The existing statement would benefit from some modest clarification.</p>

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20	393			Market Monitoring Policies	Independence and Function - Tariff Provisions	Revise tariff to state that centralized section controls if discrepancies occur within the tariff.	Noncompliant	FERC Ready February 2 & 3	Noncompliant	In process	PJM: Tariff revisions will be made as presented at the 12/19/08 TF719 meeting. MMU: The MMU proposes provisions that resolve conflicting interpretations.
21	413	424		Market Monitoring Policies	Information Sharing – Enhanced Information Dissemination	Modify tariff to require MMU to prepare annual state of the market reports on market trends and performance as well as less extensive quarterly updates.	Partially Compliant	FERC Ready February 2 & 3	Partially Compliant	In process	PJM: Attachment M, Art.VI.C., VI. A for annual reports. Need to add quarterly report requirement. Tariff revisions will be made as presented at the 12/19/08 TF719 meeting. MMU: The MMU proposes provisions that afford flexibility to the MMU in preparing quarterly reports so that such reports are more likely to be useful to the recipients.
22	419	424		Market Monitoring Policies	Information Sharing – Enhanced Information Dissemination	MMU must make staff available for conference calls with FERC, state commissions, RTO/ISO and market participants.	Compliant	N/A	Compliant	N/A	PJM: The order does not require a tariff revision to address this issue.
23	414	415		Market Monitoring Policies	Information Sharing – Enhanced Information Dissemination	Information should consist of market trends and performance of the wholesale market.	IMM	N/A	Compliant	N/A	PJM: The order does not require a tariff revision to address this issue.
24	414			Market Monitoring Policies	Information Sharing – Enhanced Information Dissemination	RTO/ISO can propose in its tariff the details of the information that it desires MMU to provide.	Compliant	N/A	Compliant	N/A	PJM: The order does not require a tariff revision to address this issue.
25	421	424		Market Monitoring Policies	Information Sharing – Enhanced Information Dissemination	RTO/ISO to reduce lag time for release of bid and offer data from 6 months to 3 months. Or maybe 4 months. Or maybe longer if a collusion concern can be demonstrated.	Noncompliant	In Process	Noncompliant	In process	MMU: The MMU recognizes that the Commission has set the default at 3 months, but urges PJM to try to make the case for 4 or more months to limit gaming concerns associated with data that would otherwise be released "in season".
26	422			Market Monitoring Policies	Information Sharing – Enhanced Information Dissemination	Data released would include physical and virtual bids and offers. May propose to release additional data.	Noncompliant	In Process	Compliant	N/A	MMU: PJM currently makes virtual bid data available on an aggregate, cleared basis. PJM is currently working to provide virtual bid data aggregated by zone. The MMU argues that PJM is compliant with the requirements of 719 and urges PJM to be cautious in increasing the granularity of virtual trading data made publically available.
27	423	424		Market Monitoring Policies	Information Sharing – Enhanced Information Dissemination	Identities of participants submitting bids and offers will remain masked.	Compliant	N/A	Compliant	N/A	
28	424			Market Monitoring Policies	Information Sharing – Enhanced Information Dissemination	RTO/ISO must include in compliance filing a justification of its policy regarding aggregation or lack thereof of offer data and cost data.	Noncompliant	In Process	Noncompliant	In process	
29	446	459		Market Monitoring Policies	Information Sharing - Tailored Requests for Information	States may make tailored requests for information from MMU. MMU may fulfill request if MMU determines it to not be unduly burdensome.	Compliant	N/A	Compliant	N/A	PJM: Attachment M, Art. IV.F. addresses state commission requests for studies and reports.
30	448			Market Monitoring Policies	Information Sharing - Tailored Requests for Information	RTO/ISO and stakeholders to develop confidentiality provisions in their tariff. MMU can provide confidential information if appropriate NDA executed by the states.	Compliant	N/A	Compliant	N/A	PJM: Attachment M, Art. IV.K, V.B.4, V.D. Provisions of OA Section 18.17.4 for authorized commission and NDA requirement language.
31	450			Market Monitoring Policies	Information Sharing - Tailored Requests for Information	MMU not required to turn over raw data if MMU does not have time to comply.	FERC Comment	N/A	FERC Comment	N/A	PJM: The order does not require a tariff revision to address this issue.
32	451	459		Market Monitoring Policies	Information Sharing - Tailored Requests for Information	MMU not permitted to provide information designed to add state enforcement actions.	Compliant	N/A	Compliant	N/A	PJM: The order does not require a tariff revision to address this issue.
33	455			Market Monitoring Policies	Information Sharing - Tailored Requests for Information	Market participants must be given the opportunity to contest the provision to any state commission of any data specific to them.	Compliant	N/A	Compliant	N/A	PJM: OA Section 18.17.4

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34	458			Market Monitoring Policies	Information Sharing - Tailored Requests for Information	A state commission can petition FERC to obtain the release of information that is otherwise not permitted under the RTO's/ISO's tariff.	Compliant	N/A	Compliant	N/A	PJM: OA Section 18.17.4
35	465			Market Monitoring Policies	Information Sharing - Commission Referrals	MMU referrals to FERC, and any resulting investigations, must be kept confidential.	Compliant	N/A	Partially Compliant	?	<p>PJM: Attachment M, Art. IV.I.2.</p> <p>MMU: The MMU may need a stronger confidentiality provision that (i) identifies investigations as attorney work product (i.e., prepared in anticipation of litigation) and (ii) asserts a privilege of the Commission, other regulator authorities and/or Market Participants that preserves the confidentiality of discussions with the MMU, particularly regarding investigations.</p>
36	473	476		Market Monitoring Policies	Pro Forma Tariff	RTOs/ISOs should structure their MMU tariff sections to include the following general categories, in this order: Introduction and Purpose; Definitions; Independence and Oversight; Structure; Duties of Market Monitor; Duties of RTO/ISO; Data Access, Collection, and Retention; Information Sharing; Ethics; RTO/ISO-Specific Provisions; Protocol on Referrals of Investigations to the Office of Enforcement; Protocol on Referrals of Perceived Market Design Flaws and Recommended Tariff Changes to the Office of Energy Market Regulation.	Compliant	N/A	Compliant	N/A	PJM: The order does not require a tariff revision to address this issue.