

West-wide Market Monitoring Pilot Project Brainstorming Ideas

Proposal

West-wide market monitoring pilot project

Goals

Demonstrate that West-wide market monitoring is:

- Doable (effective monitoring can be accomplished, including monitoring of bilateral markets)
- Beneficial (value added/wide range of beneficiaries – market participants to regulators)
- Cost effective (can be properly scoped so not duplicative of local market monitoring)
- Results in greater transparency of Western Interconnection markets

Duration

2-year project – staged for different activities in each year

Possible Approach

Hire market monitoring consultant to prepare market power evaluation for Western Interconnection (similar to MISO State of Market Report) using available information, with an additional chapter on what other data would have been helpful

(An alternative would be to look at specific hubs in each of the subregions the first year, then move to the entire Western Interconnection the second year)

Definition of Project

Specifics

- Tasks (types of transactions to be monitored)
- Temporal
- Geographic
- Data – Public – Other?
 - General state of the market analysis based upon publicly available information
 - More focused monitoring of transactions of “volunteer” participants, quite possibly using historic data (some of which may

not be publicly available)(for purpose of demonstrating benefits – not for purposes of detecting issues for reporting (safe harbor?))

- Survey market participants to see what data they would make available on confidential basis and whether they would be willing to participate in pilot project
- Ground truth current market monitoring proposal – is it implementable? If not, how can and should proposal be modified? How realistic is it?

Mechanics

- Retain market monitoring consultant to help scope pilot project (Ed Kahn? MSC)
- Have market monitoring consultant candidates scope project through their responses to a more general RFP
- Get input from funding source

Pros

Project would be limited in scope and of temporary duration, entities might be more comfortable with this than trying to implement West-wide Market Monitoring in the absence of a test run

Funding

Scoping Activities

Seek funding from DOE to define pilot project

Implementation of pilot project (approx \$5 million)

Congressional appropriation (would need support of FERC (jurisdictional utilities), DOE (PMAs), and States (non-FERC jurisdictional entities including public power)

Timeline

Scoping Activities – Throughout 2005 with request for appropriate in 2005 budget cycle (August)

Implementation – 2006-2007