

MMU MARKET RULE CHANGE PROCESS

A. Introduction

The SPP Market Monitoring Unit (MMU) is responsible for ensuring that the RTO markets are efficient and effective. In May of 2005 FERC issued a Policy Statement on Market Monitoring Units (PL05-1-000), which set forth the tasks MMUs were expected to perform. Paragraph 2 of PL05 states:

2. In order to achieve the stated purpose of enhancing the competitive structure of the ISO/RTO markets, MMUs perform several valuable tasks:

- To identify ineffective market rules and tariff provisions and recommend proposed rule and tariff changes to the ISO/RTO that promote wholesale competition and efficient market behavior.

Additional clarifications of the MMU responsibility are described in FERC Order 719, October 2008. Specific language adopted by FERC in paragraph 354 is as follows:

(1) Evaluating existing and proposed market rules, tariff provisions and market design elements, and recommending proposed rule and tariff changes not only to the RTO or ISO, but also to the Commission’s Office of Energy Market Regulation staff and to other interested entities such as state commissions and market participants, with the caveat that the MMU is not to effectuate its proposed market design itself (a task belonging to the RTO or ISO), and with the further caveat that the MMU should limit distribution of its identifications and recommendations to the RTO or ISO and to Commission staff in the event it believes broader dissemination could lead to exploitation, with an explanation of why further dissemination should be avoided at that time;

Even though the MMU is responsible for identifying inefficient rules, FERC Order 719 clearly states

“… that the MMU’s role in recommending proposed rule and tariff changes is advisory in nature, and that the MMU should not become involved in implementing rule and tariff changes (unless a tariff provision specifically concerns actions to be undertaken by the MMU itself). Both the filing of proposed rule and tariff changes, and the implementation of rule and tariff changes, are within the purview of the RTO or ISO.”

The objective of this document is to establish a detail process by which the MMU complies with FERC requirements to propose changes to market rules. This document is also in response to a directive from the SPP Board of Directors to establish a process document.

The intent of this process is to take full advantage of the existing SPP vetting process. In those cases where there are legitimate differences, this document will provide clarity and transparency for all interested party while preserving MMU independence.
B. Process Steps

1. Concept Development/Analysis
   A. MMU identifies potential flaw in market rules
   B. Develop proposed rule change
   C. Document justification
   D. Determine level of impact – rule changes that are determined to be critical for market efficiency will subject to this process. Proposed changes are desirable but not critical will be proposed to MWG for their consideration only and not subject to this process.

2. Notification
   - FERC Staff – Office of Energy Market Regulation (OEMR)
   - State Regulating Agencies
   - Chair of the Oversight Committee as representative of the SPP Board of Directors

3. MWG PRR Review
   A. Prepare a PRR for MWG consideration
   B. Participate in MWG discussion
   C. If PRR is approved with changes acceptable to MMU then tariff and/or protocol modification proceeds under normal RTO procedures to MOPC for consideration
   D. If PRR is not approved or approved with unacceptable changes then the MMU will review input provided by the MWG that may serve to strengthen the end product or catch errors of fact or reasoning.
   E. After reassessing the proposed rule change, MMU then has the option to move the rule change proposal to MOPC
   F. Time frame – The MWG has two normal sessions (plus normal submittal time of two weeks for PRRs) to consider MMU proposed changes. If the MWG does not approve the PRR in an acceptable form, it is the MMU’s right and responsibility to move the proposed change on to MOPC for their consideration.

4. MOPC Review
   A. Submit proposed rule changes to MOPC for their consideration
   B. Participate in MOPC discussion
   C. If rule change proposal is approved with changes acceptable to MMU then tariff and/or protocol modification proceeds under normal RTO procedures to the Board for ratification
   D. If PRR is not approved or approved with unacceptable changes then the MMU will review input provided by the MOPC that may serve to strengthen the end product or catch errors of fact or reasoning.
   E. After reassessing the proposed rule change, MMU then has the option to move the rule change proposal to the SPP Board for consideration
   F. Time frame – The MOPC has one regular meeting session (plus normal submittal lead time of two weeks for pre-meeting material) to consider MMU proposed changes. If the MOPC does not approve the PRR in an acceptable form, it is the MMU’s right and responsibility to move the proposed change on to the SPP Board of Directors (Oversight Committee) for their consideration.
5. Board Review
   A. Submit proposed rule changes to the Chair of the Oversight Committee as representative of the SPP Board of Directors for their consideration
   B. Participate in Oversight Committee discussion
   C. If rule change proposal is approved by OC then tariff and/or protocol modification proceeds under normal RTO procedures to the full Board for ratification

6. Report(s) to FERC
   A. MMU will prepare periodic reports for FERC OEMR as request or determined to be appropriated
   B. A final report will be prepared upon completion of the process and submitted to FERC OEMR and the Chair of the Oversight Committee. The report will cover proposed rule change objective; final wording as approved by the Board; if MMU disagrees with final wording them MMU document wording a rule change that is acceptable to the MMU; justification of proposed change; and documentation notifications.
   C. Time frame – Final report will be sent to OEMR and the Chair of the Oversight Committee within 2 months after final SPP disposition of the MMU proposed rule change.