The MMU must function independently of the RTO to avoid actual or apparent conflicts in its oversight role. The RTO is the market operator and therefore is included in the monitoring function. Whether internal or external, this creates the opportunity for conflict – either the MMU is a contractor subject to termination by the RTO, or the MMU is staff subject to “administrative interference”. FERC has approved either approach to market monitoring (as well as a hybrid), but requires that independence of the MMU be clear, and in fact audits to this. The MMUs similarly have a duty to report “interference” to FERC.

SPP has an internal MMU. The Manager reports to the Oversight Committee of the Board of Directors quarterly; he may request or be requested to report more often/as needed. These reports include staffing levels and opportunity to report/discuss any concerns with the ability of the MMU to execute its tasks. The Committee ensures the MMU independence by taking an active role in the oversight of the MMU and by being informed of any compensation adjustments, disciplinary actions, or related proceeding taken against the MMU Manager.

For administrative purposes the MMU reports to the Chief Compliance Officer, a position separate from Operations. This reporting includes requests to initiate employment processes (posting positions, salary adjustments, disciplinary actions), budget and organizational reviews, and for the Manager, administrative approvals (time off, salary adjustments) and performance reviews. The MMU has regular direct contact with FERC staff.

The Committee is confident that SPP has more in-depth monitoring than is possible from an external source, at a much more economical cost, and that the internal MMU is as independent as an external contractor.