Chapter 4: Market Oversight and Data Access

A. Proposed Action Plan
[To be added]

B. Introduction and Background

Market oversight is a critical function to ensure that the market is working the way it is supposed to, that no market participant is able to manipulate the market to the detriment of other market participants or end users, and that the Board has the data and information it needs to identify and rectify any potential issues, so that the public has confidence that the markets are working for their benefit, as well as confidence in the Board and the market operator. A core tenet of the ROWE is a commitment to transparency and information sharing. Therefore, the expansion of western electricity markets necessitates renewed consideration of market oversight activities and commensurate data access and information sharing across the market footprint as compared to preexisting structures.

The Step 2 Final Proposal and AB825 contained recommendations and requirements regarding oversight and information sharing to ensure that the ROWE Board, regulatory community and stakeholders have visibility and confidence in the way the markets are operating and the impacts on end users. These functions are closely related because much of the information about the market operations comes from the various entities that currently serve in the market oversight functions: the Department of Market Monitoring (DMM), the Market Surveillance Committee (MSC), and the Market Expert.

C. Market Oversight

The Final Proposal recommended maintaining the market oversight functions that the CAISO has today, with some adjustments to the reporting and roles of those functions.

AB825 includes market monitoring requirements for the ROWE as well:

> "In addition to any independent market monitoring activity required by a Federal Energy Regulatory Commission order, the independent regional organization maintains access to independent market analysis for the governing board of the independent regional organization on the impacts of market dynamics or rule changes to minimize overall costs to end-use consumers."[1]

1. Department of Market Monitoring (DMM)

Today: The CAISO's Department of Market Monitoring (DMM) mission is to "provide independent oversight and analysis of the CAISO [m]arkets for the protection of consumers and Market Participants by the identification and reporting of market design flaws, potential market

[1] CA Pub Util Code § 345.6(a)(6) (2025)

rule violations, and market power abuses."[2] The DMM is structured as an internal business unit of the CAISO, but is fully independent of CAISO management and instead reports directly to the CAISO Board. The DMM may rely on CAISO for legal support, provided there is no potential for a conflict of interest, but can also use outside legal counsel. The DMM has direct access to the full Board, and each individual Board member at any time, as it deems necessary.[3]

Embedded market monitoring is the foundation of FERC's market oversight framework. The DMM within the MMU provides transparency, oversight, market design recommendations, and market power mitigation. The market monitor performs a critical function, extending FERC's enforcement authority into each ISO/RTO to perform "a vital role in reporting on the state of the markets and ferreting out wrongdoing by market participants."[4] A description of the FERC requirements for market monitoring is included in the Final Proposal.

ROWE: Consistent with the Final Proposal recommendation, the DMM should provide information about its market analysis and findings to both the ROWE and CAISO Boards. The Final Proposal included the following explanation: "As market monitoring is a core function of ISO/RTO markets under FERC Order No. 2000, the Launch Committee believes this joint reporting structure maximizes ROWE oversight of the market monitor to the greatest extent possible without compromising CAISO's status as a certified ISO under FERC regulations. Additionally, there continues to be strong functional justification for this reporting structure, since the DMM has oversight of the energy markets operated by CAISO including ancillary services and the congestion revenue rights auctions that remain under CAISO Board authority."

In addition to joint sessions, there should be executive sessions with each board for issues that fall under sole authority (e.g. congestion revenue, local reliability issues, BA level resource adequacy). In the interests of transparency, both boards should be informed of market related referrals to FERC.

2. DMM Oversight Committee

Today: The DMM Oversight Committee[5] consists of at least two CAISO Board of Governors and one WEM GB member that participates as a non-voting, advisory member. The Committee performs the following functions: assists the CAISO Board in its oversight of DMM's market monitoring functions through approvals related to personnel and budgets; reports to the CAISO Board and Governing Body regularly including reviewing significant issues it identifies; provides approval of significant hiring determinations made by the DMM Executive Director. The Committee delegates to the DMM Executive Director day-to-day responsibilities within the approved budget.

ROWE: The Final Proposal recommended adding an equal number of ROWE Board members to the Market Monitoring Oversight Committee to create a joint reporting structure between the CAISO and ROWE. This includes shared decision making on DMM upper management hiring. The ROWE/CAISO agreement should include the mechanics of that shared decision making, as

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[2] CAISO Tariff, Appendix P. https://www.caiso.com/documents/appendixp_caisodepartmentofmarketmonitoring_asof_apr1_2017.pdf

[3] https://www.caiso.com/documents/department-marketmonitoringoversightcommitteecharter.pdf

[4] Order No. 719 is 73 FR 61,400 (Oct. 28, 2008), FERC Stats. & Regs at 341.

[5] https://www.caiso.com/meetings-events/topics/department-of-market-monitoring-oversight-committee

well as shared resources such as HR, IT, and legal services. This change will require a tariff change.

3. Market Surveillance Committee (MSC)

Today: The CAISO has a Market Surveillance Committee (MSC)[6] to provide independent external expertise and recommendations to the CAISO CEO and CAISO Board of Governors. The MSC is separate and independent from the DMM and market participants. A minimum of three outside experts are nominated by the CAISO CEO and approved by the Board of Governors and the WEM Governing Body for staggered 3-year terms.[7] Their expertise is in economics, operational aspects of generation and transmission, antitrust or competition law in regulated industries, and energy and commodities trading financial expertise. The MSC serves to provide independent review of market performance and market power problems, develop a record of structural problems and propose corrective action, and review rule changes, penalties, and sanctions.[8] The MSC may also review and comment on DMM analyses and reports.

ROWE: The Final Proposal recommended that the MSC would provide expertise and recommendations to both the CAISO and the ROWE, and that the CAISO Board and the ROWE Board have joint approval of the MSC nominations. The CAISO CEO and the ROWE Executive Director should recommend candidates for review and approval by the ROWE and CAISO Boards.

The Final Proposal recommended expanding the criteria for selecting MSC members to include consumer issues and public interest expertise. However, in discussions with the CAISO and DMM, the workgroup has determined that this expansion may not be practicable for how the MSC operates and the analysis it provides. The MSC should maintain its current purpose and scope of work to help ensure that the Board has the ability to receive analysis about impacts to end use consumers should occur through other market oversight functions.

4. Market Expert

Today: The WEM Governing Body receives its own independent market analysis through the Governing Body Market Expert. This individual reports only to the WEM Governing Body and is tasked with providing comprehensive explanations and technical opinions, as requested.[9] This position is expressly not a market monitoring function, but rather advises the WEM Governing Body on the fairness and efficacy of market rules, business practices, and market design alternatives consistent with their mission to promote the success of WEIM and EDAM for all market participants.[10]

ROWE: The Final Proposal recommends that the WEM Governing Body Market Expert position transition to serve the ROWE Board with an expanded role to include evaluation of whether the market is operating consistently with public interest principles and minimizing overall costs to

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[6] https://www.caiso.com/meetings-events/topics/market-surveillance-committee
[7] https://www.caiso.com/documents/marketsurveillancecommitteecharter.pdf
[8] https://www.caiso.com/meetings-events/topics/market-surveillance-committee
[9] https://www.westerneim.com/Documents/WesternEIMGoverningBodyMarketExpert-Role-Responsibilities.pdf; https://www.caiso.com/documents/weim-governing-body-announces-new-market-expert.pdf
[10] https://www.westerneim.com/Documents/Charter-for-WEIM-and-EDAM-Governance.pdf

end-use consumers. The contract for the current Market Expert expires in early 2028 and the ROWE could issue its own contract renewal or enter into a new selection process if so desired. Monitoring public interest protections and the protection of end-use consumers are included in the AB 825 requirement, discussed below.

5. AB 825 Requirements

AB 825 requires the ROWE to *"*maintain access to independent market analysis for the governing board of the independent regional organization on the impacts of market dynamics or rule changes to minimize overall costs to end-use consumers." In discussions with the CAISO and DMM, the Market Expert should provide the independent analysis required by AB 825 regarding the impacts of market dynamics or rule changes to minimize overall costs to end-use consumers. This expanded role should include analysis of wholesale market costs and how market dynamics or rule changes affect costs borne by load-serving entities that may ultimately be reflected in retail rates. The Market Expert would develop its independent assessments using analyses produced by the CAISO Market Analysis group and, where relevant, information developed by the DMM. The Market Expert would be authorized to work directly with the Market Analysis group, including requesting additional studies, data, assumptions, scenarios, or other analytical support necessary to fulfill this mandate; the structure would be similar to the way the MSC works with the Market Analysis group today.

The Market Expert would retain responsibility for the ultimate conclusions and recommendations provided to the Board, preserving the independence of the assessment while avoiding unnecessary duplication of existing analytical capabilities. Because it could be difficult to find a single individual to perform these additional duties in the current part time capacity, the Market Expert function could be expanded to a full time role or an additional expert to support this added responsibility.

D. Data Access

1. **Data Sharing From CAISO Today**

There is a significant amount of information that is already publicly available to all western states: CAISO public data and reports; DMM public reports, presentations, and regulatory filings; work product from the MSC; and WEM Market Expert reports.

The CAISO shares data and information about market operations and performance through a variety of forums and reports:[11]

- Through quarterly WEIM and EDAM benefits reports.
- Through market performance reporting including day-ahead daily market watch, bi-weekly market performance reports, monthly market performance reports, and daily EDAM reports (CAISO public reporting).
- Through periodic special reports. These may include the Annual Summer Assessment, operational status communications particularly in periods of high demand.

[11] Confidential data is handled by the CAISO pursuant to Section 20 of the Tariff.

- Through additional reports made to the WEM Governing Body and CAISO Board of Governors, addressing specific subject matter.
- Through the Market Performance and Planning forum: a quarterly forum that engages stakeholders in review of market performance, possible issues, and in high level dialogue on release planning, implementation and new market enhancements.
- Through the data that FERC collects from the CAISO and market participants to issue public reports.
- Through a public data request process, where the CAISO will publish certain additional data.
- Through the OASIS site, where raw market data is publicly posted by the CAISO.

The DMM develops reports and analysis that are publicly available, which include the following:
- Quarterly and annual reports and presentations
- Special reports and presentations
- Written comments/analysis on stakeholder initiatives
- Written memos for Board of Governors and WEM Governing Body meetings
- Federal and state regulatory filings: while historically the DMM has not initiated regulatory proceedings at FERC or the California Public Utilities Commission (CPUC), once a matter is open, the DMM regularly intervenes and submits comments to both.
- Examples of other special reports:
    - Resource sufficiency test when requested by the WEM Governing Body
    - WEIM transition period reports

The MSC and WEM Market Expert provide independent opinions on market design changes that are publicly accessible.

The DMM, MSC, and Market Expert interact with the BOSR by providing advice at the BOSR's invitation. The DMM and members of the MSC have also participated in training for state commission staff facilitated by the BOSR.

2. Data access for CA entities today

Since almost all of the CPUC-regulated utilities are part of the CAISO Balancing Authority Area and therefore participate in the CAISO markets, the CPUC and CAISO developed a process in 2004 for the CAISO to provide otherwise-confidential market information to the CPUC that is necessary for the CPUC to meet its state-mandated regulatory obligations using the CPUC's subpoena authority under California law. This process is largely embodied in Section 20 of the CAISO Tariff that governs confidentiality. Any information shared voluntarily or pursuant to a valid CPUC subpoena is shared under the terms of a confidentiality agreement. In its capacity as the Market Operator, CAISO generates and maintains the market data necessary to fulfill the annual CPUC subpoena to support oversight activities.

For example, under California's Resource Adequacy program, the CPUC is mandated to ensure that CPUC-jurisdictional load-serving entities maintain sufficient capacity resources to satisfy the CPUC-determined Resource Adequacy requirements.[12] To meet these obligations, the CPUC

[12] See CPUC CAISO Subpoena - May 2024.pdf

initiates administrative proceedings and collects the data required to track compliance with resource adequacy rules.

While the CAISO tariff requires the market operator to maintain the confidentiality of commercially sensitive information submitted by market participants, it does recognize circumstances where disclosure may be permitted.[13] For instance, the CPUC's resource adequacy proceedings serve as a valid basis for such disclosure.

Before any confidential data is released, the tariff mandates that CAISO alert the impacted market participants to give them an opportunity to object.[14] The CAISO emails a market notice to all participants, attaching a copy of the subpoena and outlining the specific data categories requested. The tariff also dictates that the CAISO guarantee proper safeguards following disclosure which are maintained via a confidentiality agreement between the CAISO and the CPUC.

Operationally, an annual subpoena framework establishes the categories of information to be provided, with new requests discussed in advance by the parties. The CAISO responds to most requests on a monthly basis, allowing the CPUC to conduct ongoing oversight and compliance activities.

In addition to the subpoena framework, the DMM has partnered with the CPUC to meet other state information and data needs in a variety of ways:

- Tailoring specific metrics or analysis of DMM's publicly available reports in response to questions or concerns of state regulators and their participants.
- Occasionally, the DMM has posted special aggregated data related to a report that is publicly available.
- The DMM has assisted the CPUC in pinpointing the specific data supporting its analyses within the confidential datasets already in the CPUC's possession.
- The DMM has helped the CPUC formulate additional data requests that have been added to an ongoing subpoena.

3. Data Access for Other Western States Today

Western states with market participants should understand the scope and mechanism they currently have to access data. To date, the CAISO has not received data requests from other state regulators. However, as CAISO's markets continue to grow across the West, requests from other state agencies to fulfill their statutory obligations or respond to FERC Orders are expected. One such example is Utah, which requires the Commission to obtain data from an RTO or ISO.[15] Another example is the potential for applicable Washington agencies to request GHG attribution data needed to fulfill the state's cap-and-invest reporting requirements that become effective in

[13] CAISO Tariff, Section 20.4(b)

[14] In limited cases, such as exchanges with FERC, the Commodities Futures Trading Commission, and the National Cyber Communication Information Center, the CAISO may disclose confidential information without providing prior notice to the impacted market participant. CAISO Tariff, Section 20.4(c).

[15] Utah Code Ann. §§ 54-27-10-105 (2026) https://le.utah.gov/xcode/Title54/Chapter27/54-27.html?v=C54-27_2026050620260506

2027. Appendix P of the CAISO Tariff includes provisions for how the DMM should interact with state regulators[16]:

- DMM may release raw data to a state commission provided that confidentiality is maintained.
- If DMM agrees to provide a state commission with raw data that pertains to a specific market participant, DMM shall notify the affected market participant in advance in order to give it the opportunity to contest the accuracy of the data and to provide notice of commercial sensitivity and confidentiality.
- If the affected market participant asserts that the data to be provided is commercially sensitive, DMM shall share such sensitive information or data only if the state commission agrees in writing not to disclose the information unless directed by a court of competent jurisdiction in order to guarantee proper safeguards following disclosure, which are to be maintained via a confidentiality agreement between the DMM and the state commission.
- DMM shall not provide any requested information or data that is designed to aid an enforcement action by an instrumentality or political subdivision of any state.

4. AB 825 Compliance and Recommendation

The Launch Committee acknowledged the importance of providing access to data and market information to help states ensure compliance with state laws and regulations, and understand the impacts of present and future market design elements on their economic priorities and energy policies. This need for transparency was reflected in the recommendations in the Final Proposal and codified in AB 825:

> "Subject to reasonable confidentiality provisions, market data is available to the commission and the Public Advocate's Office of the Public Utilities Commission, and other states' commissions and public advocate offices, to the same or greater extent as existed on December 31, 2024, for the markets governed by the Independent System Operator." [17]

Because much of the information currently provided to the CPUC is via a subpoena process that is specific to California law, it would not be feasible to replicate the existing process to other states. Additionally, other states may require different information depending on their regulatory frameworks, resource planning obligations, reliability programs, or consumer protection mandates. However, the underlying principle is the same: ensure access to needed data for relevant regulators within the market footprint, while respecting the need for confidential treatment.

The ROWE Board should work under this principle, in partnership with the CAISO and applicable state and local regulators, to identify the information needed by those bodies to meet their individual statutory responsibilities and develop an information request process. A potential solution could include:

> *Tariff revision.* Amend the tariff to authorize CAISO to provide state specific market information to state agencies that may have a statutory obligation that requires certain

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[16] CAISO Tariff, Appendix P, Section 8

[17] CA Pub Util Code § 345.6(7) (2025)

market information. Each state agency could submit periodic information requests identifying the categories of data needed to fulfill its statutory responsibilities. The ROWE and CAISO partner to would evaluate and provide the requested information pursuant to tariff provisions and applicable confidentiality protections. Each participating agency would execute a non-disclosure agreement (NDA) with the ROWE and CAISO to ensure that confidential market participant information remains protected.

This model would create a predictable process for other state agencies, reduce administrative burden, provide transparency to market participants, and establish consistent confidentiality protections across jurisdictions. At the same time, it preserves flexibility by allowing each state to request information tailored to its own regulatory needs.

AB 825 Compliance and Summary of Recommendations

Consistent with the Final Proposal recommendation, and the requirements of AB 825, the ROWE Board should consider the above process for state agencies to have access to at least the same amount of data and analysis as the California agencies and the California Public Advocates Office receive today. There should be no restrictions on the provision of information other than those imposed by FERC and any confidentiality[18] restrictions contained in the CAISO tariff, federal or state law, contract, or otherwise. This generally maintains the current structure of producing and sharing information but expands access to other states for them to support their statutory responsibilities.

[18] These recommendations are consistent with FERC's requirements for market monitors as codified in *Wholesale Competition in Regions with Organized Electric Markets*, Order No. 719, 73FR64,100 (Oct. 28, 2008), FERC Stats. & Regs. ¶ 31,281 (2008).