

# **Role of a Market Monitor in Multi-State Wholesale Electricity Markets**

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## **I. Why Do Wholesale Electricity Markets Need a Market Monitor?**

- Robustly competitive free markets do not need a Market Monitor
- Sellers do not have “market power”
- Definition of “market power”
- Competitive free markets need government involvement for:
  - Enforcement of contracts between private parties
  - *Ex Post* enforcement of antitrust laws against parties which engage in anti-competitive conduct, conspiracies to restrain trade, price-fixing, *etc.*
- Multi-state wholesale electricity markets are characterized by sellers with market power (Reasons)
- Need for government *ex ante* regulation and a Market Monitor
- “Competitive outcomes” versus competition

## **II. What Is the Role of the Market Monitor?**

- Monitor compliance with market rules (sanction violators?)
- Recommend (impose?) changes in market design and market rules
- Report on market functioning on a regular basis for transparency

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\* An organization consisting of state electricity regulators from the 13 states and the District of Columbia which are part of the PJM regional wholesale electricity market, the largest in the United States.

- Recommend (impose?) mitigation measures to prevent exercises of market power
- Should the Market Monitor have authority to *enforce* rules and *deter/punish* exercises of market power, or simply *refer* to a government enforcement agency?

### III. What Is an *Independent* Market Monitor?

- Market Monitor should have no personal or business interest in market outcomes
- Must be free from influence exerted by those parties which do:
  - Generation Owners
  - Transmission Owners
  - Load-Serving (Retail Distribution) Interests
  - Retail Purchasers
  - Management of the wholesale market (Independent System Operator [ISO] or Regional Transmission Organization [RTO])
  - Forms of Market Monitor Relationship to the ISO/RTO
    - Employee of the ISO/RTO
    - Employee of the Government
    - Independent Contractor (to ISO/RTO or Government)
    - The Case of OPSI v. PJM

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Mark Christie is a commissioner of the Virginia State Corporation Commission, which regulates the electric, gas, telecommunications, banking, securities and insurance industries in Virginia.

In 2007 he was elected and served as the President of the Organization of PJM States, comprised of the 13 states and the District of Columbia which participate in the PJM wholesale electricity market and regional transmission planning organization.

In addition, he teaches constitutional law and comparative government at Virginia Commonwealth University in Richmond and has lectured on regulatory law at the University of Virginia and Duke University law schools. He was a Fulbright visitor to the University of Luzern, Switzerland this past spring, where he lectured on U. S. regulatory law.

Christie graduated from Wake Forest University, receiving degrees in History and English. He received his law degree from Georgetown University. He is a former officer in the United States Marine Corps.