

MMU Report release
Board statement
11/07/707

The Board of Managers announces the release of the findings of its investigation concerning the independence of the PJM Market Monitor function. The investigation involved the review of more than 15,000 pages of documents and numerous interviews. It was conducted completely independent of PJM Management by a three-member Special Investigative Committee appointed by the Board. The investigation was launched by the Board within a few days of a written statement by the PJM Market Monitor, Dr. Joseph Bowring, alleging interference by PJM management that was provided to the Federal Energy Regulatory Commission as part of an April 5 appearance at a Technical Conference.

We said then and we continue to believe that any hint of impropriety related to the market monitoring function is a serious matter and requires a serious and thorough investigation. Although the FERC examination of this matter concluded that there were no tariff violations, we recognize that no action by any outside entity could absolve us of the responsibility to probe whether the actions of PJM management affected the independence of the Market Monitor, which is fundamentally critical to the successful operation of wholesale electric markets.

As with most situations of this nature involving personal interaction, there are no clear-cut conclusions that all interested parties can embrace, but we are confident that the Board, through its Special Investigative Committee, has faithfully and exhaustively investigated this matter.

Although we believe this report concludes the investigation of the Market Monitor's allegations, we fully understand that the structure and nature of the MMU needs to be resolved. We are making progress in reaching a settlement with all parties via the mediation process established by FERC to preserve and protect the independence of the Market Monitor. We believe the report, which will be released to all interested parties, will prove useful in helping to guide the Board, stakeholders, PJM management and others in moving towards an appropriate structure for the MMU.