EE Education

MIC

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IMM

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What is HHI?

- **The Herfindahl-Hirschman Index (HHI) concentration ratio is the sum of the squares of the market shares of all firms in a market.**

- **The HHI is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers.**

  - **For example, for a market consisting of four firms with shares of 35, 30, 20, and 15 percent, the HHI is 2750**

    $$= (35^2 + 30^2 + 20^2 + 15^2)$$

    $$= 2750$$

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Interpretation of HHI Results

- **FERC's Merger Policy Statement defines levels of concentration by HHI level.**
  - **The market is unconcentrated if the market HHI is below 1000, the HHI if there were 10 firms with equal market shares.**
  - **The market is moderately concentrated if the market HHI is from 1000 to 1800.**
  - **The market is highly concentrated if the market HHI is greater than 1800, the HHI if there were between five and six firms with equal market shares.**

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EE Participation in RPM

Delivery Year	EE RPM Cleared (UCAP MW)	Total RPM Cleared (UCAP MW)	EE Percent Cleared	EE RPM Revenue
2011/2012	76.4	134,139.6	0.1%	$139,812
2012/2013	666.1	141,061.8	0.5%	$11,408,552
2013/2014	904.2	159,830.5	0.6%	$21,598,174
2014/2015	1,077.7	161,092.4	0.7%	$42,308,549
2015/2016	1,189.6	173,487.4	0.7%	$66,652,986
2016/2017	1,723.2	179,749.0	1.0%	$68,709,670
2017/2018	1,922.3	180,590.3	1.1%	$86,147,605
2018/2019	2,296.3	175,957.4	1.3%	$103,105,796
2019/2020	2,528.5	177,040.6	1.4%	$92,569,666
2020/2021	3,569.5	173,688.5	2.1%	$101,348,169
2021/2022	4,806.2	174,713.0	2.8%	$185,755,803
2022/2023	5,734.8	150,465.2	3.8%	$135,265,303
2023/2024	5,896.4	150,143.9	3.9%	$93,603,058

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EE HHI and Top 4 Market Share

Delivery Year	HHI	Structure	Top 4 Market Share
2019/2020	3574	Highly Concentrated	90.6%
2020/2021	3005	Highly Concentrated	89.8%
2021/2022	3409	Highly Concentrated	91.6%
2022/2023	5803	Highly Concentrated	99.1%
2023/2024	6209	Highly Concentrated	99.9%
2024/2025	5624	Highly Concentrated	98.0%

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EE HHI by LDA: 2023/2024

LDA	Structure
ATSI	Highly Concentrated
ATSI-CLEVELAND	Highly Concentrated
BGE	Highly Concentrated
COMED	Highly Concentrated
DAY	Highly Concentrated
DEOK	Highly Concentrated
DPL-SOUTH	Highly Concentrated
EMAAC	Highly Concentrated
MAAC	Highly Concentrated
PEPCO	Highly Concentrated
PPL	Highly Concentrated
PS-NORTH	Highly Concentrated
PSEG	Highly Concentrated
RTO	Highly Concentrated

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EE Cleared UCAP Percentage by LDA: 2023/2024

LDA	Percent of EE
ATSI	6.9%
ATSI-CLEVELAND	0.8%
BGE	4.6%
COMED	16.3%
DAY	1.7%
DEOK	2.8%
DPL-SOUTH	1.0%
EMAAC	14.2%
MAAC	3.8%
PEPCO	5.1%
PPL	5.2%
PS-NORTH	3.6%
PSEG	4.0%
RTO	30.2%

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EE HHI by LDA: 2024/2025

LDA	Structure
ATSI	Highly Concentrated
ATSI-CLEVELAND	Highly Concentrated
BGE	Highly Concentrated
COMED	Highly Concentrated
DAY	Highly Concentrated
DEOK	Highly Concentrated
DPL-SOUTH	Highly Concentrated
EMAAC	Highly Concentrated
MAAC	Highly Concentrated
PEPCO	Highly Concentrated
PPL	Highly Concentrated
PS-NORTH	Highly Concentrated
PSEG	Highly Concentrated
RTO	Highly Concentrated

EE Cleared UCAP Percentage by LDA: 2024/2025

LDA	Percent of EE
ATSI	6.9%
ATSI-CLEVELAND	0.7%
BGE	5.0%
COMED	13.9%
DAY	1.7%
DEOK	2.5%
DPL-SOUTH	1.3%
EMAAC	15.1%
MAAC	3.9%
PEPCO	5.2%
PPL	5.1%
PS-NORTH	4.9%
PSEG	5.2%
RTO	28.7%

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