

Offer Data Lag

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Monitoring Analytics

Data Availability: Core Concepts

- **Market efficiency requires price and product characteristic transparency**
 - **Decisions to buy or sell should be based on price relative to marginal costs/benefits**
 - **Requires timely and relevant information regarding prices**
 - **In efficient markets participants make their decisions to buy, sell, expand production, and to enter or exit the market on the basis of market prices and their *own* costs.**



Data Availability: Core Concepts

- Improving *price* and product characteristic transparency tends to improve market efficiency
 - Important to look for markets/services where price transparency between marginal decision making and marginal effects is limited or absent
 - Operating reserve charges and credits, etc



Data Availability: Core Concepts

- **Improving other data transparency does not improve market efficiency**
- **Information about underlying participant costs is not information that is needed to produce or maintain competitive market behavior or results**
 - **Providing this information will tend to reduce market efficiency, all else held equal**



Data Availability: Core Concepts

- **Essential features of electricity markets make them prone to market power abuse**
 - **Inelastic demand**
 - **Limited storage and intratemporal substitution opportunities**
 - **Markets operates as a repeated game with a relatively small number of key participants**



Data Availability: Core Concepts

- **Under these conditions**
 - **incentives to cooperate with rivals**
 - **Incentives to anticipate and react to the behavior of rivals**
- **Competitiveness is not improved via the public availability of competitor's underlying cost information.**



Data Availability: Core Concepts

- **Such information is always more useful in undermining the competitiveness of a market than improving its competitiveness, particularly if the tool for efficiency improvement is via after-the-fact regulatory action.**



Data Availability: Core Concepts

- **In choosing the lag in availability of offer data need to balance:**
 - **First order inefficiencies caused by increases in unilateral or collusive behavioral effects over time**
 - **Third order improvements made possible by earlier participant or regulator detection of inefficient behavior**
 - **Strengthened confidence in the market**



Data Availability: Recommendation

- **Offer data lag: 3 or 4 months?**
 - **A longer delay would be preferable**
 - **Between the choices: 4 months**
 - **Limit seasonally relevant information**

