

Market Simulation Group Initiative

Introduction

University of California Emissions Market Analysis Initiatives

- Two dimensions to UC led initiative
 - Market Simulation Group (MSG)
 - Ex-ante modeling and analysis
 - Intention to Identify potential market inefficiencies
 - Market Surveillance Committee (MSC)
 - Ongoing analysis of market performance
 - Qualitative and quantitative assessment of market rules and their impacts

Market Simulation Group

- Stakeholder meetings
 - Structured discussion of aspects of market design
 - Identify potential areas of concern
 - Market design elements
 - Role of regulatory incentives
 - Potential for market power and/or manipulation
- Simulation modeling
 - Build on earlier modeling exercises
 - Explicitly represent ability of firms to strategically impact prices of allowances and products
 - Anticipate responses of firms to the incentives provided by elements of the market design

Market Surveillance Committee

- Ongoing evaluation and analysis of Market Design
 - Advise ARB staff on readiness testing
- Analysis of Market Events and Issues
 - Qualitative and quantitative review of market performance
- Stakeholder meetings
- Assist with ARB analysis
 - Knowledge transfer

Timing

- Market Simulation Group
 - First stakeholder meeting in June
 - Second meeting in late summer (August)
 - Preliminary results late fall
- Market Surveillance Committee
 - Goal for a first meeting over the summer