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