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MEASURING THE IMMEASURABLE: RETAIL POWER PRICES ACROSS TIME AND REGIONS

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The one-year anniversary of Econ One's RPI may not be marked with a gala celebration. But it does mean that we have a full year of data, allowing us to identify trends in retail power prices across time and regions. The most obvious trend has been an overall increase in the retail power spread, which is a proxy for the difference between regional retail and wholesale power prices. Also, at this one-year mark the RPI shows that while certain regions have seen more volatile price movements, retail power spreads have increased overall which may entice more retail suppliers to enter the market in the future.

With the energy industry still in a recovery phase from the California energy crisis and the Enron collapse, many of the retail markets in the survey

continue to lack a significant number of competitive offers. The East tends to be the least volatile of the regions surveyed. In the Midwest, Chicago and Detroit have seen sustained increases in the retail power spread from April onwards. Texas has been relatively more stable, but recent regulated rate increases have led to an overall increase in the price differentials between retail and wholesale power. The chart below illustrates the historical movements of the retail power spreads for each of the cities surveyed in the RPI.