

Market Power

in a

Transitioning Electric Industry

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I. Introduction

In the utility industry, exclusive monopoly franchise rights have been granted to electric utilities and regulation has taken the place of competition to control price and ensure quality of service. In a competitive environment where market forces dominate and the regulatory oversight is removed or significantly diminished, a concern is that a single entity may gain too much control within the market and hinder the development of the marketplace. This may result in noncompetitive prices, inferior services, and slow development of new products and services. The concentration of market power, calculated as market share, is an indicator of the ability of a market participant to manipulate prices.

Market power can be used to prevent new suppliers from entering the market or to eliminate existing competitors, not through the provision of superior products at lower costs, but through manipulation of the market. Firms with market power have the ability to extract excess profits from customers. Some of the means that are employed include:

- a) predatory pricing -- lowering prices to eliminate competitors with the anticipation of subsequently rising prices;
- b) cross subsidies -- shifting costs to captive customers with relatively inelastic demand to lower prices to those customers with elastic demand;
- c) tie-in arrangements -- a sale in which the buyer, in order to get the item desired, must also purchase another item(s);
- d) engaging in joint ventures that exclude competitors; and
- e) controlling access to markets through delivery channels -- limiting access between suppliers and customers in the transmission grid.

A complicating factor is that electricity is not just another commodity. Unlike most other products, adequate, reliable and affordable electricity is essential to modern life and the continued economic well being of Florida and the nation. For most applications, customers have few, if any, suitable alternatives. Therefore, the abuse of market power for such an essential service as electricity would adversely affect many customers and defeat the objectives of a competitive market. As policy makers in Florida explore restructuring the electric utility industry to increase competition in the supply of electricity, care should be taken to ensure that retail customers are protected against any market power abuse by a wholesale provider.

Under the current regulatory environment, the state public utility commission regulates the prices and earnings of the utilities. However, as states move toward competition in the generation and transmission markets, the questions that need to be answered are who will monitor market power, how will it be monitored and how will market power abuse be checked? The answers to these questions are critical for the protection of Florida's citizens until competition can be relied

upon to control the market. This paper looks at two functional parts of the electricity market; generation and transmission. Also discussed are the leading measures of market power and how the exercise of market power by any participant in either generation or transmission markets can distort prices. In this case, and in every case, the goal of regulators is to make sure that competition is allowed to succeed and to ensure that no firms dominate the market and control prices. There are no easy answers or solutions to controlling market power during the industry's transition to competition. This paper is intended to act as a catalyst for discussion on this critical topic.

II. Generation

While moving from a regulated monopoly with no competition to wholesale competition, each state has handled the separation of generation facilities from transmission facilities differently. However in each case, with the exception of Texas,¹ once the generation portion of electric service is separated from transmission and distribution, generation stops being price and earnings regulated by the state. Instead, jurisdiction to approve the price, terms and conditions of generation sales, including oversight of market power, is transferred to the Federal Energy Regulatory Commission (FERC). It appears that states will maintain minimal jurisdiction over issues involving siting and environmental concerns of generation facilities, and customer issues of protection and information requirements.

The functional separation of generation from transmission and distribution creates an environment where generation market abuse may occur. In order to monitor any potential abuse in the generation market, three areas should be examined: market power, reliability, and capacity.

A. Market Power

Market power in the wholesale generation market is a major concern in Florida due to two factors. First, Florida is a peninsula and has limited transmission lines between it and its neighboring states, allowing imports of only 8% of needed power. Thus, Florida must primarily rely on native generation of load serving entities to provide power for the state.

The second factor is that two incumbent utilities serve over half the load in the state. The potential for either or both of these utilities to exercise market power currently exists. The challenge is to identify if any utility already possesses the ability to abuse the current market (i.e., price fixing) and to identify how much market share is too much. The initial step to address potential market power abuse is to attempt to quantify market share.

1. Conventional Measures of Market Share

¹ Texas does not fall under FERC jurisdiction with the unbundling of the generation services from transmission services. This is because their transmission lines do not cross state lines and thus are not considered interstate service subject to Federal jurisdiction.

When regulators examine market power, they generally look at a market concentration index. The simple presumption is: the bigger the market share, the more market power a firm has; and the more market power a firm has, the more likely the firm will be able to manipulate the market. While such a presumption may have some merit, it frequently does not hold true. This section discusses three commonly used market concentration measures that estimate market power and the limitations of each measure. These measures are: the four-firm concentration ratio (CR4); the Herfindahl-Hirschman Index (HHI); and, the Lerner Index.

a. Four-Firm Concentration Ratio (CR4)

Market concentration measures have long been used by the FERC and Department of Justice (DOJ) to enforce the antitrust law. Decades ago, the DOJ used the four-firm concentration ratio (CR4), which is the combined market shares of the largest four firms in a market. It is bounded in the range between 100 percent and zero percent. A pure monopoly would have a CR4 of 100 percent, whereas a perfectly competitive market would have a CR4 approaching zero. This index, however, lacks an ability to capture the impact of firm size. For instance, a monopoly market has a CR4 of 100 percent, while a market made up of four firms with equal size would also have a CR4 of 100 percent. While the monopoly has the market power, it is much more complicated to determine the anti-competitiveness in a market with four equal firms. Over time, it has become apparent that the CR4 index does not stand as a useful measure.

b. Herfindahl-Hirschman Index (HHI)

In 1986, the DOJ adopted new guidelines which use the Herfindahl-Hirschman Index (HHI) to measure the market concentration. It calculates the sum of the squared market shares of all firms in the market and it ranges from zero for a perfectly competitive market to 10,000 for a monopoly. This index is considered better than the CR4 as it incorporates more information about the size distribution of the firms in the market.

The DOJ regards an HHI of 1,000 as a breakpoint. An HHI below 1,000 indicates that the market is reasonably competitive and market power should not be a concern. With an HHI between 1,000 and 1,800, the market is considered moderately concentrated. The DOJ interprets an HHI above 1,800 as an indication of a highly concentrated market, which can trigger further investigation to determine whether an unacceptable amount of anti-competitive behavior exists.

Because regulated industries have not historically been competitive, the DOJ adopts a more loose standard for regulated industries. For example, the DOJ has declared that in the oil pipeline industry, an HHI below 2,500 still indicates workable competition.²

Although the HHI is still used in the practice of antitrust review, it has some serious shortcomings. First, this index is calculated by using the market share a firm possesses, but the market share can be calculated using any number of units of measure. For instance, in the utility

² U.S. Department of Justice, Report on Oil Deregulation, May 1986, pp. 22-32.

industry, a utility company's market share can be measured in terms of revenues, capacities (e.g., generation or transmission capacities in the electric industry), or even the number of customers it serves. Depending on the physical and cost characteristics of the product or service being sold, the choice of a different unit of measure can cause different results.

Second, in order to apply the HHI, the relevant market must be identified. Defining those markets is influenced in different ways by different characteristics. Among those characteristics are reliability issues which may confer local market power to a particular generating utility; transmission constraints which make transmission service between certain areas impractical on a cost effectiveness basis, such as is found in peninsula Florida; or even geographic constraints such as mountain ranges or large bodies of water. Without a well-defined relevant market, the market share calculation can be meaningless.

c. Lerner Index

Concentration ratios such as HHI and CR4 are static numbers. The link between these indices and market power is weak, if there is any. The index that more correctly measures market power is the Lerner Index. The economic definition of market power is a firm's ability to set the price above marginal cost and the Lerner Index measures the price-marginal cost difference divided by price. This index can be transformed into the reciprocal of the demand elasticity under profit maximizing output. In a perfectly competitive market, where the demand curve is perfectly elastic (the demand elasticity equals infinity), the Lerner Index equals zero. In a monopoly market, the firm will use its market power to set its profit-maximizing output in the inelastic portion of the demand curve and charges a price greater than the marginal cost. In this case, the Lerner Index is greater than zero. In this sense, inelastic demand implies large market power or vice versa.

Although the Lerner Index correctly measures market power, it often suffers a few practical problems. Regulators usually do not have accurate information on firms' marginal cost. Also, before a regulated utility market opens to competition, the price charged to end-users is different from a market-based equilibrium price. Therefore, the Lerner index cannot be calculated until after a market is deregulated and a market clearing price is realized. Another caution worth taking when applying the Lerner Index is that the short run market power measured by the Lerner Index may not be a serious concern unless there is a problem with barriers to entry. The existence of temporary excess profits may be tempered by the ability of an alternative supplier to quickly enter the market.

2. Conventional Measures of Market Power - Conclusion

In sum, the HHI lacks the ability to identify the abuse of market power. Although it can provide a good starting point for investigators to understand the market, further investigative actions will be necessary to detect anti-competitive behavior. The Lerner Index defines the exercise of market power, yet, it is more demanding in terms of data collection. It needs both market clearing price and marginal cost data, which are often hard to collect. In addition, an analysis of market entry condition is necessary to assess the market contestability. All this information together will lead to an assessment of market power with analytical integrity.

3. New Approach to Assess Market Share

As previously mentioned, the FERC has traditionally measured market power by use of certain market concentration indices such as the HHI or measured the differences between marginal and market prices through the use of the Lerner Index. One problem with these traditional indices is that they look at market share concentration or price differentials over the entire market. Depending on the complexity of the market, market power problems may exist within segments of the electric markets, within subregions, or across certain transmission constraints. Traditional indices are unlikely to capture the subtleties of these kinds of market power situations.

An alternative method to identify market power concentrations is to segment markets and examine market share within these segments. For example, these segments could be based on capacity ownership shares or on net output by fuel type or technology. This approach offers a more sensitive assessment of market power.

For example, one could look at the manner in which energy is dispatched onto the transmission line. This is referred to as the merit order dispatch and generally the least costly generating facilities are dispatched first and the most costly generating facilities are dispatched last. The merit order dispatch of generating units is almost always determined by short term production costs which includes fuel and variable operation and maintenance (O&M) costs. (Note: this is true except when non-merit dispatch occurs due to system constraints or reliability requirements such as maintaining voltages.) Generation owners may obtain market share by their position in the dispatch order and this position is determined almost exclusively by the type of technology that they own. If these subsegments of the electric market have robust competition within them, such as multiple owners with competitive technologies, then other variables will determine market share such as the generators' ability to keep plants maintained, fuel procurement practices or other competitive advantages and skills that permit lower fuel and O&M costs. These latter variables will become determinants of merit dispatch order and thus determine relative market share obtained.

Florida could apply the methodology of examining merit order dispatch units. The Florida Reliability Coordinating Council produces a report titled, 2000 Regional Load and Resource Plan (10-Year Site Plan) that indicates for 1999 two investor-owned utilities owned 97% of the nuclear capacity in the state. The four investor-owned utilities owned 67% of the coal plants, and two investor-owned utilities owned 91% of the combined cycle plants. Net statewide energy generated from these plants included nuclear at 16%, coal units at 39%, and another 11% of the gigawatt hours produced came from combined cycle units. Analyses of fuel costs and variable O&M indicate that coal and nuclear units are generally dispatched first in the \$19 to \$30 per megawatt range. Above this price level, the combined cycle units dispatch depending on relative cost differentials in natural gas and oil. In sum, these three technologies produced 66% of the energy in the state. Applying these capacity shares to the net energy percentages indicates that the four investor-owned utilities produced 51.5% of all energy from technology assets that had no competitive equivalent in the marketplace in 1999.

While highly efficient, combined cycle units are being proposed for construction by new market entrants around the state, such technologies do not and will not compete in the merit dispatch

with coal and nuclear because their prices are higher. Also, with an incumbent advantage of a 91% ownership share of existing combined cycle units, it will take a number of years before new entrants offer effective competition to the incumbent fleet of combined cycle units.

The incumbent technology advantage precludes effective competition for the baseload and much of the intermediate segments of the electricity market. To state that merchant plants can come into Florida and become competitive with the 41% of all energy served by nuclear and coal, and instantly compete for an intermediate and cycling portion of the market is simply misguided. Thus, it is critical that concentration ratios, Lerner indices or other market power indexes be developed on specific market segments or market technologies so that appropriate market power remedies can remain in place until effective competition occurs across all market segments.

B. Generation Reliability

In Florida, the reliability of the generation system is based on the ability of the generation facilities to meet peak demand, such as on the hottest or the coldest days of the year, and on the ability of the generation owners to coordinate the days when they must take their generation units off-line in order to conduct maintenance. Both activities are critical for the continuous provision of electricity in Florida.

In a market based model for providing adequate generation resources, decisions on retirement or repowering of existing generators and the construction of new units are likely to be made by investors with little regulatory involvement. State government will still oversee the siting and environmental consequences of these decisions. But in states with retail choice of generation suppliers, the competitive market, rather than economic regulation, will decide which supplies are needed and economical. Within a well functioning competitive market, generators will be built when projected market prices of electricity are high enough to yield a profit. When demand begins to exhaust the available supply, prices will rise, sometimes sharply, which in turn will suppress demand and induce investment in new supply. It is the level, frequency, and duration of these high prices that will signal markets to build more generating capacity and transmission lines, rather than the decisions of planners in vertically integrated utilities. However, it is important for a monitoring entity to oversee the siting and environmental certification, as well as the capacity obligation on a planning basis, until both buyer and seller have a better understanding of how market-based reliability will function.

Until that time, utilities should be required to demonstrate that planned maintenance schedules are coordinated. It is crucial for all LSE's to know where energy resources are available in the event that a utility loses generation in an emergency situation. Therefore, a monitoring entity should require and oversee the coordination of planned outages to safeguard the rest of the state from experiencing a disaster when an emergency situation occurs. The lack of coordination of planned outages among generation facilities became a problem in the California market. This problem can be avoided in Florida by designating or establishing a monitoring entity and continuing the 10 year-site-plan process to forecast the generation load demands to serve all the LSE's.

C. Generation Capacity

Historically, the determination of sufficient generation to serve native load has been addressed by the establishment of a predetermined generation reserve criterion. This criterion was typically set at a 1-day-in-10-years loss-of-load probability or a minimum installed reserve margin.³ Generation reserve margins are generally determined by load forecasts, customer growth forecasts, location needs, reliability needs, and economic analyses. This process has assisted in ensuring low rates for customers by preventing the construction of unneeded generation. This information, in addition to the expansion and purchased power plans for each utility, provides the basis for determining the current sufficiency of native generation. However, the future electric needs of the state must be considered. The challenge in a competitive market is identifying the need for additional generation resources and ensuring barriers, both legal and/or environmental, preventing the construction of new generation by either utilities or non-utilities are removed.

In many states that have adopted retail competition, there is an increasing trend toward the transfer of generation assets to affiliated companies in order to mitigate market power. The electric utilities accomplish this separation through either divesting the generation facilities outright, or by placing them into a separate subsidiary. Divestiture can occur voluntarily as a business decision driven by the market or by a government mandate that forces a utility to sell certain assets to diminish perceived market power. Under any restructured energy market, if a regulatory entity is to effectively monitor market power, and ensure adequate generation capacity to serve wholesale and retail loads, affiliates should be required to provide the regulatory entity full access to generation capacity information. Additionally, if the market monitoring entity must also handle complaint resolution, then access to information regarding affiliate activities is essential. Such information should include construction plans for capacity and load forecasts for future generation. This type of information is provided in the ten-year-site plan and should continue to be provided in the same manner.

III. Transmission

Transmission is the second key component to a successful wholesale restructured market for electricity. In December of 1999, the FERC issued Order No. 2000 that required all public utilities that own, operate or control interstate transmission facilities to file a proposal to participate in a Regional Transmission Organization (RTO). The RTO would act as a neutral operator of the transmission systems of a group of utilities, and would not be affiliated with a generation source. The RTO would also provide services that are ancillary to transmission service such as scheduling, dispatch, voltage control and energy imbalance service. The intent of forming an RTO is that it would contribute to the growth of competitive bulk power markets, increase regional efficiencies, facilitate economically efficient pricing, correct discriminatory practices, and mitigate market power by allowing equal transmission access to all power suppliers.

³In December, 1999, the Commission accepted a stipulation with the investor-owned utilities (IOUs) that adopted a minimum reserve margin planning criterion of 20%. The IOUs voluntarily agreed to plan to achieve the 20% reserve margin criterion by the Summer of 2004.

The publicly owned utilities in Florida submitted a proposal to FERC in December 2000, to create a for-profit Transco. The proposal includes the establishment of an internal market monitor. Regardless of how or whether Florida chooses to restructure its energy market, FERC is forcing the separation of the transmission system from the vertically integrated public utilities. There will only be one provider of transmission service, the RTO, therefore there will not be a competitive market to control market power. Ideally, no single utility will be able to control any part of the transmission system, however, until the RTO is up and running for a while, no one can be certain that market power is not being exerted. Thus, during the initial years of the RTO operation, it will be critical to have an external market monitor observing the Transco.

Following is a discussion of three primary areas of concern regarding electric transmission systems: reliability, capacity, and open access. The correct design and implementation of these three aspects of transmission will allow competitive benefits to arise from restructuring. With any misapplications of these areas, the potential benefits of a regional transmission system, will disappear.

A. Transmission Reliability

Reliability is the first area of concern that needs to be addressed by any effective electric transmission system. Transmission reliability entails several components including adequacy (sufficient capacity) and security (operational reliability). Currently, the North American grid system is comprised of an interconnected network of generating plants, transmission lines, and distribution facilities. The transmission systems are divided into three regional grids: the Eastern Grid, the Western Grid, and ERCOT which operates in Texas. Although this structure makes reliability possible, what makes it a reality is the operational coordination between the electric companies which make up the network.

Since the transmission grid crosses numerous state lines and electricity is an entity which respects no state boundaries, the federal government has asserted its regulatory jurisdiction over the network. After the FERC, the state will take a secondary role in active regulation. However, the state will continue to hold jurisdiction over siting and need, planning, and the daily interaction between the various transmission-related organizations. Regardless of the ultimate federal jurisdiction over interstate transmission concerns, the state is expected to ensure the daily security of the electric grid. To provide this role, the state may need to designate or create an entity to control and monitor the daily interactions of the transmission organization.

On the state level, the appropriate data needed for the adequate monitoring of transmission reliability and capacity includes full access to real-time pricing information, and a complete listing of all market bidders/participants. Further, a monitoring entity might also need to assume an arbitration role to address reliability and expansion issues.

Unlike the bulk power generation market, effective monitoring of the ancillary services market requires access to real time pricing. One of the ancillary services offered by the RTO is energy imbalance service. This service supplies any hourly mismatch between a transmission

customer's energy supply and the load being served in the control area. The instantaneous nature of the ancillary services market dictates the need for real-time access to pricing information. Although this ancillary service market is quite small compared to the bulk power market, the potential for pricing abuse/market power is pervasive. Once a market monitor has access to the real-time pricing fluctuations, abnormal price outliers and extreme pricing trends could be identified without delay. Investigations could then be initiated immediately to discover the cause of the pricing anomalies.

B. Transmission Capacity

The creation of a transmission system with sufficient capacity is necessary to realize any benefits from competition. Since federal regulation controls transmission pricing and the state controls the siting of new lines, a considerable amount of jurisdictional cooperation would be beneficial to stimulate sufficient capacity. Consideration should be given to economic incentives to build (federal transmission pricing) as well as a streamlined process on the state level to allow expanded facilities. A robust competitive wholesale generation market will not develop without sufficient transmission capacity. A state could have an over-abundance of generation facilities, but if it can not transport that power across the state to customers, then there is insufficient capacity for all customers. However, if any utility has control over either the generation capacity or transmission capacity, then it could easily be able to exercise market power.

Transmission capacity constraints do occur in parts of Florida and the state has limited import capabilities. Florida cannot shift its reliance from domestically produced power to power produced in another state because of the physical limitations of the grid. While two states border Florida to the north, it only has significant transmission connections to Georgia. Thus, given these two transmission capacity limitations, (1) Florida being heavily dependent on the energy produced within the state, and (2) being unable to move power within the state easily to every part of the state, Florida is susceptible to local market power abuse.

An example of limited transmission capacity and the ensuing economic ramifications can be seen in the Tampa Bay area. The investor owned utility in Tampa is Tampa Electric Company (TECO) and 92% of TECO's existing generation is located in the downtown Tampa area (3,171 MW of 3,455 MW total consisting of the Big Bend, Gannon, and Hooker's Point Stations). Because there is limited transmission between the downtown area and the rest of the state, a significant amount of this capacity must run on a continuous basis in order to maintain reliability (frequency and voltage) in the downtown area. The downtown Tampa generation cannot be fully replaced economically by purchased power from other parts of the state. The lack of adequate transmission capacity allows TECO's downtown generation units to have undue local market power. There are likely numerous other areas in the State of Florida where similar combinations of must-run units in close proximity to load and limited transmission create local market power.

C. Transmission Open Access

Finally, open access to the transmission grid is imperative to the successful workings of a competitive market. There may be sufficient competition on the generation supply side, but, if there are structural impediments to the transfer of power, a viable market cannot arise. Working policies outlining load priority and day-to-day transmission organization responsibilities need to be established. Regardless of the specific entity, a monitoring function needs to be performed to ensure the primacy of native load concerns are balanced with a healthy respect for market expansion.

An effective transmission market monitor would not only check on transmission reliability, capacity, congestion and open access, but it would also serve as the arbitrating party when accusations of abuse arise. Accusations of abuse could come from several sources including: electricity generators claiming unequal transmission open-access, load serving entities accusing preferential treatment given to incumbent utility affiliates, and electricity customers with concerns about quality of service/reliability. While this list is not all inclusive, it does present several scenarios in which accusations of abuse could arise.

In addition to serving as an arbitrator when accusations of abuse arise from third parties, the transmission market monitor needs to be able to initiate investigations independent of explicit third party accusations. Two examples of when the market monitor might need to initiate an investigation on its own is if there is a concern about the scheduling of planned unit maintenance outages, and a concern about the decision over transmission expansion. An efficient transmission market monitor should be able to investigate planned unit outages which would have served the ancillary services market for a specific time period. Through the combination of real-time pricing data and independent investigation authority, the independent monitor could determine and mitigate any market gaming and pricing abuses. Secondly, concerns may arise that the for-profit transmission entity may give preferential treatment to transmission solutions neglecting the possibility of generation solutions. As a market monitor, the independent investigation capacity would serve well in ensuring the economically correct decision with regards to transmission expansion.

D. Transmission Monitoring Function

In all three areas concerning transmission: 1) reliability, 2) capacity, and 3) open access, there is a need for an appropriate monitoring function to be performed. This monitoring function could be satisfied by an independent arm of the RTO or another independent agency. Quite separate from the monitoring function in the bulk power markets, this transmission monitoring function would focus on the fair provision of ancillary services, equal access to the transmission system, and arbitration and investigative functions.

It is imperative that the market monitor be able to respond to third-party accusations as well as perform independent investigations into unreported abuses. To perform effective and efficient monitoring functions there needs to be access to a substantial amount of data. As stated previously, real-time pricing data, market participants, historical information regarding specific generating units, and scheduled maintenance are just some typical examples of the information which is necessary for market monitoring. However, with access to this information, the transmission market monitor needs to be truly independent. Independence will ensure the fair and adequate application of all

necessary investigative power and oversight. Thus, an efficient transmission monitor must be independent, have access to real-time pricing and specific plant data, and perform a responsive arbitration function in both solicited and unsolicited requests for market abuse investigations.

IV. Conclusion

In order for competition to effectively achieve the goal of a more efficient electricity market, opportunity for the abuse of market power must be mitigated to the greatest extent possible. By all accounts, the most productive means of doing this is to pursue a proactive strategy, structuring the transition in such a way so as to avoid or minimize the potential for abuse from the outset, rather than trying to correct market power problems after abuses have already occurred. The market power issue is of considerable importance because several of Florida's regulated utilities potentially possess market power. This stems from such factors as their:

- large market share in generation;
- longstanding market relationships with suppliers and customers;
- longstanding presence in the state and with state government;
- possession of extensive important customer information, including demographics and demand patterns;
- extensive vertical integration, which provides simultaneous ownership and control of generation, transmission, and distribution;
- limited transmission interconnection availability, especially during peak usage periods; and
- potential to use revenues from captive customers to subsidize competitive market ventures.

Given this level of market power, establishing a market monitor with a precise role to examine the generation and transmission segments of the electricity market needs to occur if true and robust market competition is to be established. However, as complex as the issues are, it is more effective to deal with market power during the transition to a competitive wholesale market than to try to rectify the problems after the fact, generally through protracted, costly litigation.

Restructuring the industry so that the end result works to the benefit of all, will be difficult. Considerable planning and foresight will be required to establish a workable competitive electric power market in Florida -- a robust market consistently delivering reliable, low-cost power to all Florida businesses and households. Given the specific characteristics of the industry in Florida, market power is a potentially serious problem. A proactive response and a monitoring oversight entity with "enforcement teeth" in place are warranted if competition is to succeed. The exercise of market power by a utility should not be tolerated; otherwise, restructuring could create an

unregulated oligopoly consisting of a small group of large providers that inhibit the development of a truly competitive wholesale market for electricity in Florida.