



Highlights of [GAO-03-586](#), a report to Congressional Requesters

Why GAO Did This Study

The ongoing transition (or restructuring) of electricity markets from regulated monopolies to competitive markets is one of the largest single industrial reorganizations in the history of the world. While information is becoming more critical for understanding how well restructuring is working, there are troubling indications that some market participants deliberately misreported information to manipulate prices. GAO was asked to describe (1) the electricity information collected, used, and shared by key federal agencies in meeting their primary responsibilities and (2) the effect of restructuring on these federal agencies' collection, use, and sharing of this information.

What GAO Recommends

Effective oversight of evolving electricity markets requires the acquisition of and access to timely, reliable, and complete information, therefore, we recommend that the Chairman, FERC (1) demonstrate what information it needs, (2) describe the limitations resulting from not having this information, and (3) ask the Congress for sufficient authority to meet its information collection needs and responsibilities. FERC generally agreed with the conclusions, specifically that its authority to collect information has not kept pace with the changing electricity market, and added that it will have the results from its information assessment at the end of the year.

www.gao.gov/cgi-bin/getrpt?GAO-03-586.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Jim Wells at (202) 512-3841 or wellsj@gao.gov.

ELECTRICITY RESTRUCTURING

Action Needed to Address Emerging Gaps in Federal Information Collection

What GAO Found

Federal agencies collect, use, and share a wide variety of electricity-related information to carry out their respective missions. Federal agencies have three principal sources of information: (1) routine formal data collection instruments sent to industry participants to report on operations and other industry-related activities, (2) third parties such as energy news services that package federally collected information as well as collect original information some of which reflects current market conditions, and (3) individual companies under investigation. Agencies use the information that they collect to carry out their respective missions—ranging from Federal Energy Regulatory Commission's (FERC) monitoring of electricity markets to Energy Information Administration's dissemination of information about the electricity sector and Environmental Protection Agency's pollution monitoring. Agencies share electricity-related information through a variety of means, such as using the Internet to distribute published reports and access their databases, interagency meetings, and other means. In addition, most federally collected information is made publicly available, although it is sometimes subject to delayed release or released in aggregated form in order to protect business-sensitive information.

Restructuring has substantially changed the collection, use, and sharing of electricity information at some agencies and has exposed gaps in the federal government's collection of this information. Restructuring has affected FERC dramatically by changing how FERC performs its mission of assuring just and reasonable prices and by shifting its focus from periodic review of cost information to monitoring current market conditions. To monitor these conditions, FERC needs to access market information on wholesale transactions; however, no federal agency, including FERC, has access to complete and timely information on electricity markets and market participants, exposing gaps in key information. Such information gaps exist primarily because FERC is limited in its authority to collect information for full and effective market oversight and it lacks specific authority to collect current information which may lead to market participants challenging these collection activities. For example, FERC authority does not generally extend to non-jurisdictional entities such as the power marketing administrations, other non-utilities, and North American Electric Reliability Council. As long as these information gaps persist, FERC will be unable to oversee electricity markets in a comprehensive manner.

Restructuring's effects on the sharing of electricity information, coupled with recent national security concerns, have highlighted the sensitive nature of some information that federal agencies collect or need. Because of the importance of having timely, reliable, and complete information, we are recommending that FERC take action to resolve its information gaps. As part of this action, we are recommending that FERC present its findings to the Congress because information-related issues—raised by restructuring—may require Congressional action to ultimately resolve.