

pricing in competitive electricity markets topics in regulatory economics and policy

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Explore the critical aspects of pricing within competitive electricity markets, a key area in regulatory economics and energy policy. This analysis delves into how market mechanisms, economic principles, and regulatory frameworks interact to shape pricing strategies and outcomes in the modern power sector.

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Pricing in Competitive Electricity Markets

Electricity markets are being deregulated or face new regulatory frameworks. In such changing markets, new pricing strategies will need to consider such factors as cost, value of service and pricing by objective. Pricing in Competitive Electricity Markets introduces a new family of pricing concepts, methodologies, models, tools and databases focused on market-based pricing. This book reviews important theoretical pricing issues as well as practical pricing applications for changing electricity markets.

Electricity Pricing in Transition

Electricity Pricing In Transition is written to address the new issues facing utilities, retailers, regulators, and customers in the changing electricity market. It is organized into five sections. Section I deals with the new restructured organization that has emerged from yesterday's vertically integrated, regulated monopoly company. Section II deals with issues in competitive pricing. Section III reviews the role of demand response and product design in today's chaotic marketplace. Given the single importance of California's energy crisis and the fact that it will be studied for years to come, Section IV is devoted to studying the lessons learned from this crisis. The final section of the book deals with markets and regulations. This book will provide practitioners with guidance on how to avoid the major pitfalls in pricing electricity while the market is in transition by drawing upon the insights and lessons learned from the experience of others that are documented in this book.

Competition and Regulation in Electricity Markets

Featuring an original introduction by the editors, these carefully-selected essays explore the main issues surrounding competition and regulation in electricity markets. The industry is experiencing irresistible forces of change, driven by energy policy objectives; a reassessment of market regulation in

the face of high-energy prices; and the response to consumer pressure to agree on what constitutes a fair price for energy. This volume identifies the key articles that underpin the debate across the industries supply chain (generation, supply and networks) from a regulatory perspective (including market power and incentive regulation). The collection then considers the overall impact of liberalisation and future developments.

Competition and Regulation in Electricity Markets

This timely research review explores the main issues surrounding competition and regulation in electricity markets. The industry is experiencing irresistible forces for change driven by energy policy objectives; a reassessment of market regulation in the face of high energy prices and the response to consumer pressure to agree on what constitutes a fair price for energy. This research review identifies the key articles that underpin the debate across the industries supply chain (generation, supply and networks) and from a regulatory perspective (including market power and incentive regulation) followed by a consideration of the overall impact of liberalisation and future developments.

Obtaining the best from Regulation and Competition

Deregulation has introduced competition into traditionally monopolistic markets, particularly telecommunications and electric utilities. This book brings together ten essays that were presented at the Center for Research in Regulated Industries at Rutgers University and funded by several regulated companies. The authors, who include young scholars as well as established and highly regarded consultants and researchers, address some of the major issues now facing network industries and regulators - deregulation, competition, stranded assets, diversification, pricing, and mergers and acquisitions.

Utility Regulation and Competition Policy

'The regulatory essays do not focus exclusively on the UK energy industry. There is an excellent review of progress in opening European electricity and gas markets, which hints at further reforms that have occurred since the book was published. There are also fine reviews of regulatory developments and competition policy in telecommunications, railroads, and water supply. In short, there is probably something of interest here for any serious energy professional or student of regulatory economics.' - Jeff Skeer, *The Journal of Energy and Development* In this book, the latest volume in the annual series published in association with the London Business School and the Institute of Economic Affairs, some of the main issues in UK and EU utility regulation and competition policy are discussed. Topics examined include the new electricity and gas trading markets, regulating the railways, introducing competition into water, telecoms and Ofcom, opening EU gas and electricity markets, the 1998 Competition Act, EU merger policy and a general review of privatisation and regulation in Britain. Essays by expert commentators are followed in each case by comments from the relevant regulator.

Pricing and Regulatory Innovations Under Increasing Competition

This volume focuses on incentive regulation and competition. While much of the regulatory action is taking place in telecommunications, the impact of competition and the resultant regulatory change is being felt in other traditional public utilities including electricity. The book reviews topics including price caps, incentive regulation, market structure and new regulatory technologies.

The Economics of Electricity Markets

The Economics of Electricity Markets provides a cutting-edge analysis of the critical issues involved in the design and operation of electricity markets, as well as an assessment of alternative institutional arrangements that have either been implemented or are under discussion in Europe and the US. The book illustrates how a sound market design can render electricity trading and retailing very much like that of other commodities. Social and political concerns, rather than engineering or economics, are what make electricity markets 'special'. The expert contributors address a wide set of issues that arise when competition is introduced to the electricity industry, ranging from the design of spot and real-time power markets to alternative approaches to congestion management, from competition policy in wholesale electricity markets to the benefits and costs of retail competition, and from regulatory measures to ensure generation capacity adequacy to the politicization of generation investment decisions as a way of pursuing sustainability targets. This highly informative book will appeal to academics, students and

researchers in the field of advanced energy economics, and will prove essential reading for energy regulators, professionals and executives wishing to explore the theoretical foundations underpinning their day-to-day activities.

Competition and the Regulation of Utilities

companies to diversify may outweigh the costs of doing so, and that some traditional regulatory concerns may be excessively restrictive. The papers by Hillman, Harris, and Jang and Norsworthy, while all relating to individual industries, have lessons for other regulated industries. Hillman's paper, "Oil Pipeline Rates: A Case for Yardstick Regulation," deals with the important topic of yardstick regulation for oil pipelines. While his application is highly specific, the potential application of yardstick regulation goes beyond oil pipelines. He reviews the evolution in the law regulating oil pipelines. While showing that some progress has been made in introducing economic efficiency considerations into regulation, he provides a careful critique of the operation of existing regulation and suggests an alternative based upon a yardstick approach. His approach seeks to use competitive market prices as the yardstick, with administration of price discrimination limited to dealing with possible "favoritism" to subsidiaries and affiliates. "Telecommunications Services as a Strategic Industry: Implications for United States Public Policy" by Harris and "Productivity Growth and Technical Change in the United States Telecommunications Equipment Manufacturing Industries" by Jang and Norsworthy provide important insights for telecommunications.

Capacity Mechanisms in the EU Energy Markets

Capacity remuneration mechanisms (or simply capacity mechanisms) have become a fact of life in member states' energy markets and are one of the hottest topics in the wider European regulatory debate. Concerned about the security of electricity supply, national governments are implementing subsidy schemes to encourage investment in conventional power generation capacity, alongside already heavily subsidized renewable energy sources. With the increasingly connected European electricity markets, the introduction of a capacity mechanism in one country not only tends to distort its national market but may also have unforeseeable consequences for neighbouring electricity markets. As these mechanisms are adopted by member states with limited supra-national coordination as well as consideration for the cross-border impact, they tend to cause serious market distortions and put the future of the European internal electricity market at risk. This second edition will take stock of how capacity mechanisms have actually worked so far and consider the consequences they have for the European internal electricity market. It will include a detailed overview of national capacity mechanisms, their implications for the EU internal market, and will outline the nature of market failures which are likely to occur in the European electricity markets. This edition is intended to serve as a point of reference for regulators and policy-makers on how to design optimal capacity mechanisms in Europe. It will be an invaluable resource for anyone interested in energy market design, regulation, and competition issues.

Regulation Under Increasing Competition

Regulation Under Increasing Competition brings together practitioners, regulators, and economists to examine the important policy and regulatory issues facing the telecommunications and electricity industries. This volume reviews such topics as competitive entry, stranded costs, pricing and market mechanisms. It provides a unique perspective on problems in a newly deregulated environment.

Electricity Markets

Understand the electricity market, its policies and how they drive prices, emissions, and security, with this comprehensive cross-disciplinary book. Author Chris Harris includes technical and quantitative arguments so you can confidently construct pricing models based on the various fluctuations that occur. Whether you're a trader or an analyst, this book will enable you to make informed decisions about this volatile industry.

Regulating Power: The Economics of Electricity in the Information Age

Modern industrial society functions with the expectation that electricity will be available when required. By law, electric utilities have the obligation to provide electricity to customers in a "safe and adequate" manner. In exchange for this obligation, utilities are granted a monopoly right to provide electricity to customers within well-defined service territories. However, utilities are not unfettered in their monopoly

power; public utility commissions regulate the relationship between a utility and its customers and limit profits to a "fair rate of return on invested capital. " From its inception through the late 1970s, the electric utility industry's operational paradigm was to continue marketing electricity to customers and to build power plants to meet customer needs. This growth was facilitated by a U. S. energy policy predicated upon the assumption that sustained electric growth was causally linked to social welfare (Lovins, 1977). The electric utility industry is now in transition from a vertically integrated monopoly to a more competitive market. Of the three primary components (generation, transmission, and distribution) of the traditional vertically integrated monopoly, generation is leading this transformation. The desired outcome is a more efficient market for the provision of electric service, ultimately resulting in lower costs to customers. This book focuses on impediments to this transformation. In particular, it argues that information control is a form of market power that inhibits the evolution of the market. The analysis is presented within the context of the transformation of the U. S.

Electricity Trade in Europe

Liberalisation in the power sector is high on the agenda of policy makers, regulators and the industry around the world. There is growing recognition of the benefits of power market liberalisation and the need to further integrate regional markets in a liberal trade and investment environment. This volume brings together articles written by leading experts in the field of electricity trade and regulation in Europe. Organised in two parts, the contributions cover a range of issues from market structure, trade flows, infrastructure and investment to the regulatory framework within which the industry operates, including international trade rules and national technical, environmental and regulatory regimes. These are complex and sensitive issues requiring an in-depth understanding of the economics and regulation of the electricity trade and the primary object of this volume is to contribute to an informed debate on the subject. To this end, the contributors demonstrate how a competition friendly and liberal environment for electricity trade, including a system of non-discriminatory and transparent access to transmission and distribution networks, could contribute to improving market integration, economic efficiency, supply security and environmental health.

Competition, Contracts and Electricity Markets

This book fills a gap in the existing literature by dealing with several issues linked to long-term contracts and the efficiency of electricity markets. These include the impact of long-term contracts and vertical integration on effective competition, generation investment in risky markets, and the challenges for competition policy principles. On the one hand, long-term contracts may contribute to lasting generation capability by allowing for a more efficient allocation of risk. On the other hand, they can create conditions for imperfect competition and thus impair short-term efficiency. The contributors – prominent academics and policy experts with inter-disciplinary perspectives – develop fresh theoretical and practical insights on this important concern for current electricity markets. This highly accessible book will strongly appeal to both academic and professional audiences including scholars of industrial, organizational and public sector economics, and competition and antitrust law. It will also be of value to regulatory and antitrust authorities, governmental policymakers, and consultants in electricity law and economics.

Competitive Electricity Markets

After 2 decades, policymakers and regulators agree that electricity market reform, liberalization and privatization remains partly art. Moreover, the international experience suggests that in nearly all cases, initial market reform leads to unintended consequences or introduces new risks, which must be addressed in subsequent "reform of the reforms. Competitive Electricity Markets describes the evolution of the market reform process including a number of challenging issues such as infrastructure investment, resource adequacy, capacity and demand participation, market power, distributed generation, renewable energy and global climate change. Sequel to Electricity Market Reform: An International Perspective in the same series published in 2006 Contributions from renowned scholars and practitioners on significant electricity market design and implementation issues Covers timely topics on the evolution of electricity market liberalization worldwide

Regulating Power

This book examines the economics of an industry that has become a critical component of modern life - the electric utility industry. The public nature of electricity has affected the development of the industry, both private and public. While this book focuses on private utilities, it recognizes the potential

for a resurgence of public ownership. The objective of the book is to examine factors that will affect the evolution of markets for power. Of critical importance is the role of information, which is required for making and evaluating decisions in power markets. This book demonstrates that utilities can exploit information as a source of market power, impeding the development of more competitive and efficient markets. To a large extent the source of the utilities' market power is the ability to specify computer models used in the planning, pricing and operation of markets for electricity. A number of concepts related to the use and control of information and models are developed in this book.

Deregulation of Electric Utilities

Deregulation of Electric Utilities reviews the main issues relating to the changing environment in the utility industry. Topics covered in depth include compensation for stranded costs, efficiency gains, institutional design, pricing, economics of scale, and network externalities. In addition, this book assesses early experiences in electricity deregulation in continental Europe, New Zealand, North America, and the United Kingdom.

Electricity Market Reform

Since the late 1980s, policy makers and regulators in a number of countries have liberalized, restructured or "deregulated" their electric power sector, typically by introducing competition at the generation and retail level. These experiments have resulted in vastly different outcomes - some highly encouraging, others utterly disastrous. However, many countries continue along the same path for a variety of reasons. Electricity Market Reform examines the most important competitive electricity markets around the world and provides definitive answers as to why some markets have performed admirably, while others have utterly failed, often with dire financial and cost consequences. The lessons contained within are of direct relevance to regulators, policy makers, the investment community, industry, academics and graduate students of electricity markets worldwide. Covers electricity market liberalization and deregulation on a worldwide scale. Features expert contributions from key people within the electricity sector.

Imperfect Markets and Imperfect Regulation

The first textbook to present a comprehensive and detailed economic analysis of electricity markets, analyzing the tensions between microeconomics and political economy. The power industry is essential in our fight against climate change. This book is the first to examine in detail the microeconomics underlying power markets, stemming from peak-load pricing, by which prices are low when the installed generation capacity exceeds demand but can rise a hundred times higher when demand is equal to installed capacity. The outcome of peak-load pricing is often difficult to accept politically, and the book explores the tensions between microeconomics and political economy. Understanding peak-load pricing and its implications is essential for designing robust policies and making sound investment decisions. Thomas-Olivier Léautier presents the model in its simplest form, and introduces additional features as different issues are presented. The book covers all segments of electricity markets: electricity generation, under perfect and imperfect competition; retail competition and demand response; transmission pricing, transmission congestion management, and transmission constraints; and the current policy issues arising from the entry of renewables into the market and capacity mechanisms. Combining anecdotes and analysis of real situations with rigorous analytical modeling, each chapter analyzes one specific issue, first presenting findings in nontechnical terms accessible to policy practitioners and graduate students in management or public policy and then presenting a more mathematical analytical exposition for students and researchers specializing in the economics of electricity markets and for those who want to understand and apply the underlying models.

Regulations in the Energy Industry

This book provides a broad overview of the financial, economic and legal implications of energy industry regulations in various countries. In light of significant changes around the globe, it analyses various institutions that are involved in regulative measures, and based on various country studies, it offers insights into how energy sector regulations differ across countries with different market structures and institutions. Covering major topics such as laws and regulations geared to market competition and sustainability and the impact of noncompliance to regulations, from the perspectives of financial markets, and financial risks, the book is divided into four parts: Part I Regulations: price and trade controls; Part II. Non-price & trade control regulations; Part III: Compliance with regulations; and Part

IV: Market issues and regulation. It will appeal to scholars in economics, finance and related fields as well as to policymakers and practitioners in the energy industry. This is the seventh volume in a series on energy organized by the Centre for Energy and Value Issues (CEVI). The previous volumes in the series were: Financial Aspects in Energy (2011), Energy Economics and Financial Markets (2012), Perspectives on Energy Risk (2014), Energy Technology and Valuation Issues (2015), Energy and Finance (2016) and Energy Economy, Finance and Geostrategy (2018).

A European Market for Electricity?

The second in CEPR's annual Monitoring European Deregulation (MED) series, this report explores the economic and regulatory aspects of a single European market for electricity and provides a basis for policy choices both at national and EU levels. The report combines analyses of key issues in electricity market integration and liberalization with evaluations of practical experiences in selected European countries: France, Germany, Norway, Spain, Sweden, and the UK. Key issues include: to what extent competition in national electricity markets is a necessary requirement for the integration of these markets, and the design of national electricity markets in which competition in generation and supply is allowed. Lars Bergman is at the Stockholm School of Economics; Gert Brunekreeft is at Institut fuer Verkehrswissenschaft, University of Freiburg; Chris Doyle is at the London Business School; David M G Newbery and Michael Pollitt are at Cambridge University; Pierre Regibeau is at Institut d'Analisi Economica CSIC, Bellaterra; and Nils von der Fehr is at Nuffield College, Oxford.

International Handbook on Economic Regulation

Michael Crew and David Parker have compiled a comprehensive, up-to-date and detailed analytical work on leading research issues in the economics of regulation. With contributions from international specialists in economic regulation, the Handbook provides a comprehensive discussion of major developments in both the theory and practice of regulatory economics. This book will be an indispensable source for both students and practitioners of regulation. The Handbook begins by looking at the principles, history and methods of regulation before turning to specialist themes including: pricing and social welfare regulating service quality consumer representation performance benchmarking environmental regulation calculating the cost of capital information revelation and incentives the economics of access charging regulatory governance regulatory policy in developing countries particular issues in the regulation of the telecommunications, energy, transport and water sectors. The International Handbook on Economic Regulation is essential reading for researchers in the economics of regulation and students of regulation on final year undergraduate and postgraduate degree courses. As a major reference work, it is of value and assistance to economists in regulatory offices, regulated companies and government departments.

The Virtual Utility

In the winter of 1996, after 4 years of planning and research, the Symposium on the Virtual Utility was held in Saratoga Springs, New York. It was sponsored by Niagara Mohawk Power Corporation, Co-sponsored by CSC Index and the New York State Energy Research and Development Authority and hosted by Rensselaer Polytechnic Institute, Troy, NY. The symposium sought to identify new areas of inquiry by presenting cutting-edge academic and practitioner research intended to further our understanding of the strategic, technologically-driven issues confronting the electricity production and distribution process. The program sought to offer new insights into rapid changes in the utility industry, in part, by examining analogues from manufacturing and telecommunications. In addition to identifying new research areas, the symposium yielded a number of important findings and conclusions. This volume contains the presented papers of the meeting, the discussant reports and two special papers prepared by the meeting rapporteurs who performed superbly in analyzing, synthesizing, explaining and generally bringing a cohesive perspective to the interesting yet complex set of ideas presented at this unique meeting. We would like to acknowledge the people and organizations that contributed to this effort. We thank Niagara Mohawk Power Corporation and Albert Budney, its President & Chief Operating Officer for sponsoring this project, and Andrew Vesey, Vice President, whose vision, support and championing made this project possible.

The Changing Postal Environment

This book addresses major issues facing postal and delivery services throughout the world. Worldwide, there is currently a considerable amount of interest in postal and delivery economics. The industry

is reacting to a state of near crisis and is implementing different drastic changes. The European Commission and member States are still wrestling with the problem of how to implement entry liberalization into postal markets, how to address digital competition, and how to maintain the Universal Service Obligation (USO). Digitalization, technological development and online platforms are strongly affecting both the way postal and delivery operators are managing their services, as well as their role on the market. Strong emphasis was attributed to the assets of Postal Operators (POs) and their added value in the digital age, as well as on new business strategies. This volume presents original essays by prominent researchers in the field, selected and edited from papers presented at the 27th Conference on Postal and Delivery Economics held in Dublin, Ireland, 22-25 May, 2019. Topics addressed by this volume include the fragmentation of the postal supply chain, blockchain and digital postal services, and the fading of traditional postal market boundaries. This book will be a useful tool not only for graduate students and professors, but also for postal administrations, consulting firms, and federal government departments.

Financial Aspects in Energy

Energy production and supply, as well as sourcing and consumption, are becoming evermore important in a volatile world. In this book, attention is paid to prevalent energy issues from a finance perspective. The topics discussed cover markets, prices, regulations and firms. An international group of authors from both academia and energy practice provides in twelve chapters a state of the art of the energy markets in a finance environment. They do so by discussing the current knowledge and presenting empirical research in this quickly changing and developing field. This book is the first in a planned series on energy at a high scientific level organized by the Centre for Energy and Value Issues (CEVI).

Building Competitive Gas Markets in the EU

This highly unique book focuses on market design issues common to most EU gas markets, particularly in the context of closer integration. It explores in detail the characteristics and requirements of national gas markets in Europe, which are constructed as virtual hubs based on entry/exit schemes as a requirement of European law. The expert contributors analyse gas supply and demand patterns in the EU, showing that both have changed following the introduction of liquefied natural gas on the supply side and the growth of gas-fired power plants on the demand side. The repeated interactions between the transmission operators activity and the gas commodity markets are addressed, as is the design of commercial networks in EU markets. The contributors also question whether the relationship between commercial and physical networks, in terms of the new flexibility requirements of users, actually works. By way of conclusion, two proposals for the EU gas target model are presented, both of which tackle the fundamental issues raised in this book, as well as the organization of short-term transactions and the mechanisms for investment in vital new long-life infrastructure needed to integrate EU markets. This volume will be of great interest to practitioners, as well as academics, researchers and students in the fields of energy economics and industrial economics. Both European and non-European energy companies and regulatory authorities looking for an independent and analytical overview of European gas markets will also find this book to be a highly valuable resource.

Competitive Electricity Markets and Sustainability

This book responds to the opening up of electricity markets to competition, which has completely changed the nature of power generation. The building of new generation and transmission capacity and the setting of the energy mix between nuclear, gas and renewable resources are mainly left to private initiative and investors. The authors and the editor of this book explore whether or not market forces offer a sustainable future for electricity generation. They employ economic theory and method to answer questions such as: Will the market be able to ensure adequacy of generation capacity and security.

Regulatory Finance

This monograph is concerned with the determination of the allowed rate of return in rate cases which, in part, determines the rates of charge to customers of public utilities. Rate of return determination has been a central topic in utility regulation for a century. Recent changes in the traditionally regulated markets - electricity, gas, and telephone - have shoved discussion of rate of return determination into the background, replacing it by technology changes, competition, downsizing, deregulation, and regulatory incentive systems. These new issues have made the regulatory sector, which had the reputation of

being stodgy and uninteresting, an exciting field of study. But rate of return is not dead. It will play a key role in whatever the new structure of the regulated sector. Separating generation from transmission and distribution will not eliminate the need for rate of return analysis in the electric utility industry. Rather, it may well increase the number of companies for which the rate of return needs to be determined. It will play a fundamental role in the new regulatory environment. Incentive systems in the regulated sector may be the wave of the future but they will use the required rate of return as a benchmark. Rate case will persist. Most rate cases include opposing testimony as to the "fair" rate of return or even the cost of capital for a public utility whose rates are at issue.

Economics of Electricity

Explains the economics of electricity at each step of the supply chain: production, transportation and distribution, and retail.

Opening Networks to Competition

David Gabel and David F. Weiman The chapters in this volume address the related problems of regulating and pricing access in network industries. Interconnection between network suppliers raises the important policy questions of how to sustain competition and realize economic efficiency. To foster rivalry in any industry, suppliers must have access to customers. But unlike in other sectors, the very organization of network industries creates major impediments to potential entrants trying to carve out a niche in the market. In traditional sectors such as gas, electric, rail, and telephone services, these barriers take the form of the large private and social costs necessary to duplicate the physical infrastructure of pipelines, wires, or tracks. Few firms can afford to finance such an undertaking, because the level of sunk costs and the very large scale economies make it extremely risky. In other newer sectors, entrants face less tangible but no less pressing constraints. In the microcomputer industry, for example, high switching costs can prevent users from experimenting with alternative, but perhaps more efficient hardware platforms or operating systems. Although gateway technologies can reduce these barriers, the installed base of an incumbent can create powerful bandwagon effects that reinforce its advantage (such as the greater availability of compatible peripherals and software applications). In the era of electronic banking, entrants into the automated teller machine (ATM) and credit card markets face a similar problem of establishing a ubiquitous presence.

Capacity Mechanisms in the EU Energy Market

Ensuring an adequate, long-term energy supply is a paramount concern in Europe. EU member states now intervene by encouraging investment in generation capacity, offering an additional revenue stream for conventional power plants in addition to the existing, heavily subsidised investments in renewable energy sources. These capacity remuneration mechanisms (or simply capacity mechanisms) have become a hot topic in the wider European regulatory debate. European electricity markets are increasingly interconnected, so the introduction of a capacity mechanism in one country not only distorts its national market but may have unforeseeable consequences for neighbouring electricity markets. If these mechanisms are adopted by several member states with no supra-national coordination and no consideration for their cross-border impact, they may cause serious market distortions and put the future of the European internal electricity market at risk. This book provides readers with an in-depth analysis of capacity mechanisms, written by an expert team of policy-makers, economists, and legal professionals. It will be a first point of reference for regulators and policy-makers responsible for designing optimal capacity mechanisms in Europe, and will be an invaluable resource for academics and practitioners in the fields of energy, regulation, and competition.

Economic Regulation and Its Reform

The past thirty years have witnessed a transformation of government economic intervention in broad segments of industry throughout the world. Many industries historically subject to economic price and entry controls have been largely deregulated, including natural gas, trucking, airlines, and commercial banking. However, recent concerns about market power in restructured electricity markets, airline industry instability amid chronic financial stress, and the challenges created by the repeal of the Glass-Steagall Act, which allowed commercial banks to participate in investment banking, have led to calls for renewed market intervention. *Economic Regulation and Its Reform* collects research by a group of distinguished scholars who explore these and other issues surrounding government economic intervention. Determining the consequences of such intervention requires a careful assessment of the

costs and benefits of imperfect regulation. Moreover, government interventions may take a variety of forms, from relatively nonintrusive performance-based regulations to more aggressive antitrust and competition policies and barriers to entry. This volume introduces the key issues surrounding economic regulation, provides an assessment of the economic effects of regulatory reforms over the past three decades, and examines how these insights bear on some of today's most significant concerns in regulatory policy.

Evolution of Global Electricity Markets

Get the latest on rapidly evolving global electricity markets direct from the scholars and thought leaders who are shaping reform. In this volume, dozens of world-class experts from diverse regions provide a comprehensive assessment of the relevant issues in today's electricity markets. Amid a seething backdrop of rising energy prices, concerns about environmental degradation, and the introduction of distributed sources and smart grids, increasingly stringent demands are being placed on the electric power sector to provide a more reliable, efficient delivery infrastructure, and more rational, cost-reflective prices. This book maps out the electric industry's new paradigms, challenges and approaches, providing invaluable global perspective on this host of new and pressing issues being investigated by research institutions worldwide. Companies engaged in the power sector's extensive value chain including utilities, generation, transmission & distribution companies, retailers, suppliers, regulators, market designers, and the investment & financial rating community will benefit from gaining a more nuanced understanding of the impacts of key market design and restructuring choices. How can problems be avoided? Why do some restructured markets appear to function better than others? Which technological implementations represent the best investments? Which regulatory mechanisms will best support these new technologies? What lessons can be learned from experiences in Norway, Australia, Texas, or the U.K.? These questions and many more are undertaken by the brightest minds in the industry in this one comprehensive, cutting-edge resource. Features a unique global perspective from more than 40 recognized experts and scholars around the world, offering opportunities to compare and contrast a wide range of market structures Analyzes how the implementation of existing and developing market designs impacts real-world issues such as pricing and reliability Explains the latest thinking on timely issues such as current market reform proposals, restructuring, liberalization, privatization, capacity and energy markets, distributed and renewable energy integration, competitive generation and retail markets, and disaggregated vs. vertically integrated systems

European Energy Industry Business Strategies

Since the European Union's de-regulation policy for electricity and energy suppliers was implemented, new strategic configurations have emerged. Traditional restraints of geographical limitations on energy companies have been partly removed: the diversity at national regulatory and company level means that the European scene is one of a multiplicity of strategic configurations and developments, whilst also being complex and segmented. This book highlights the strategic and regulatory challenges of European deregulation, with its main focus being on the business strategies within the emerging de-regulated electricity markets; various regulatory implications which are being raised in this new climate are discussed. Some of the central strategic issues facing the electricity industry in its new competitive context are explored and reviewed, with classical themes debated as a prelude to the following empirical investigation of actual business strategies pursued by the electricity and energy industries. The main section of this work consists of 7 national case studies of business strategies which also include one North and one South American case. These were considered important inclusions as the North American companies are large investors in the European market, whilst the European companies invest in the South American market. The final chapter is a comparison and summary of the national patterns of market structures, business strategies and regulatory styles with a brief look at some challenges to be faced in future.

Designing Competitive Electricity Markets

This volume contains papers that were discussed at the first workshop on Markets for Electricity: Economics and Technology (MEET) held at Stanford University on March 7-8, 1997. The workshop's focus was how to design competitive electricity markets in an industry undergoing rapid changes in both economics and technology. We are very appreciative of the generous funding support provided by Dr. Gail McCarthy, Director of Strategic Science and Technology at Electric Power Research Institute. We would like to acknowledge all the workshop participants, including Paul Joskow, Martin

Baughman, William Hogan, Robert Wilson, Granger Morgan, Paul Kleindorfer, Shmuel Oren, Edward Kahn, Stephen Rassenti, Stephen Stofl, Stephen Peck, Victor Niemeyer, Jeremy Bloom, Martin Weinberger and Al Pak, for their significant contributions in discussing these issues at that workshop. CONTRIBUTING AUTHORS Martin L. Baughman is Professor of Electrical and Computer Engineering, University of Texas at Austin. Hung-po Chao is Area Manager of Policy and Risk Analysis, Electric Power Research Institute, Palo Alto, California, and Consulting Professor with Department of Engineering-Economic Systems and Operations Research, Stanford University. William W. Hogan is Lucius N. Littauer Professor of Public Policy and Administration, John F. Keunedy School of Government, Harvard University, Cambridge, Massachusetts and Senior Advisor, Putnam, Hayes & Bartlett, Inc., Cambridge, Massachusetts. Hillard G. Huntington is Executive Director, Energy Modeling Forum, Stanford University, Stanford, California. Paul L. Joskow is Elizabeth and James Killian Professor of Economics, Massachusetts Institute of Technology, Cambridge, Massachusetts. Edward P. Kahn is Vice President, National Economic Research Associates, San Francisco, California.

Competition Policy and Regulation

This unique book considers competition policy and regulation in light of the recent introduction of the anti-monopoly law in China. It addresses the relevance of competition policy for China from a broad theoretical and practical perspective, bringing together lawyers and economists from China, Europe and the US to provide an integrated law and economics approach. Given that the development of the Chinese anti-monopoly law in China was heavily reliant on a comparative approach, the contributors analyse how its text and practice actually compare to European and US legislation. The first cases in which Chinese anti-monopoly law were applied are explored, and both competition law and competition policy are discussed in detail. Topics include: industrial and professional regulation and their relationship to competition law, merger control, substantive competition law issues, cartels, and abuse of dominance and predation. This unique book will prove a fascinating read for competition lawyers, economists with a special interest in regulation and competition, and for practitioners concerned with competition policy and regulation.

Electricity Reform in Europe

... this volume comes across as one of the most profound sources on the specifics of European electricity market restructuring. Competition and Regulation in Network Industries The SESSA study on the Internal Energy Market was an important and influential contribution towards the Commission's proposal for a third package of proposals, intending to bring more effective competition and better security of supply to Europe's energy markets. This volume, based on the results of the study is an important and welcome contribution to the ongoing debate on these proposals. Andris Piebalgs, Commissioner for Energy at the European Commission The chapters in this book are written by the leading European scholars who have studied the structure, behavior and performance of liberalised electricity markets in many European countries as well as in other regions of the world. Both the analyses and the policy recommendations contained in this volume are well worth careful consideration by policymakers in Europe, as well as by policymakers in other countries that are seeking to adopt successful electricity sector liberalisation programs. From the foreword by Paul L. Joskow, Massachusetts Institute of Technology, US Dynamism or dissipation? Competition or national champions? Will enlargement promote or delay reform? Energy economists contemplate the challenges posed by the restless and discontent European Commission. Stephen Littlechild, University of Birmingham and Judge Institute for Management Studies, University of Cambridge, UK The challenge of European electricity reform is being met, although gradually, delays notwithstanding. This book provides precious help in spotting where the necessary further efforts should be directed. In the US mistakes and delays have occurred, no less than in Europe, but an aggressive federal regulator (absent in Europe) is working to overcome them. Electricity markets do not happen, they have to be built. Here are suggestions for a workable European market design. No ideology, just competence and wisdom from both theory and experience. Will Europe learn? Pippo Ranci, Università Cattolica del Sacro Cuore, Italy The realisation of a European internal market for energy is still a work in progress. Written by leading European scholars and discussed with major energy stakeholders, this book presents a thorough analysis of the motives and methods needed to achieve a single European energy market. The authors discuss the critical issues surrounding an internal European energy market including: market design, competition and market power, sustainable energy versus the market, regulation and harmonisation, benchmarking and indicators, modelling of competition, market prices and energy forecasts. They provide a multi-disciplinary assessment of the best way to build the market base of a future European

energy policy. Electricity Reform in Europe will be of great interest to decision makers and managers in the energy industry or business sector as they will be able to see the whole European energy policy picture beyond their own corporate interests. The book will also appeal to national and European energy administrations, regulatory bodies and policy makers providing a synthesis of all relevant policy issues.

Pollution Under Environmental Regulation in Energy Markets

Pollution Under Environmental Regulation in Energy Markets provides a study of environmental regulation when energy markets are imperfectly competitive. This theoretical treatment focuses on three relevant cases of energy markets. First, the residential space heating sector where hybrid regulation such as taxation and emissions trading together are possible. Second, the electricity market where transactions are organized in the form of multi-period auctions. Third, namely natural gas (input) and electricity (output) markets where there is combined imperfect competition in vertical related energy markets. The development of free or low carbon technologies supported by energy policies, aiming at increasing security of supply, is also explored whilst considering competition policies that reduce market power in energy markets thus improving market efficiency. Pollution Under Environmental Regulation in Energy Markets discusses the key issues of whether imperfect competition can lessen the ability of environmental policy to reduce pollution and/or to minimize the cost of meeting environmental targets. Policymakers, analysts and researchers gain a thorough understanding of the performance of environmental policy from Pollution Under Environmental Regulation in Energy Markets leading to better design of simulation models of performance and costs of environmental regulation.

Economics of Regulation and Antitrust

"Incisive and up-to-date, this textbook lucidly explains the economic principles underlying effective regulatory and antitrust policies and provides a thorough examination of their consequences." -Richard Zeckhauser, Ramsey Professor, Kennedy School of Government, Harvard University This new edition of Economics of Regulation and Antitrust continues to place economic reasoning first and foremost in analyzing regulatory and antitrust issues. It remains the only text that introduces the field by stressing the economic theory and empirical analysis that provides the rationale for government intervention in the market. The focus on economic principles, however, does not exclude treatment of institutional aspects of regulation and antitrust policy, which are explored in extensive case studies on mergers, cable television, and transportation regulation, among other topics. Following two introductory chapters, the text is divided into three parts: antitrust policy, economic regulation, and social regulation. Each part can be used separately for a variety of courses. Questions and problems appear at the end of almost every chapter. New topics, such as regulation of environmental tobacco smoke, have been added to the second edition, and other topics, such as pharmaceutical regulation and the new price competition in electric power, have been given entirely new treatments to reflect the changing emphases of government policy. The chapters on the airline, cable television, and telecommunications industries have been updated, and studies assessing the impact of airline deregulation on market concentration, air fares, and airline safety have been revised. There are extensive reviews of important regulatory changes regarding cable television rates. And sections have been added to cover such major regulatory issues as telecommunication and the digital convergence of communications, computers, and entertainment and their impact on both traditional and wireless local telephone, long distance telephone, and cable television.