



**Executive Education Course**

**January 20 – 21, 2005  
Board Room  
California ISO  
Folsom, California**

## **ECONOMIC FUNDAMENTALS OF ELECTRICITY REGULATION AND MARKETS**

**Electricity Regulation      January 20**

**10:30am – 5:30pm**

### **I. Regulation -**

- A. Natural Monopoly
- B. Goals of Restructuring
- C. Stranded Cost Recovery

### **II. Competitive Wholesale Electricity Markets**

- A. Competitive Outcomes
- B. Peak-Load Pricing

### **III. Market Power in Electricity Markets**

- A. Definitions
- B. Influences
- C. Examples

### **IV. Auction Design and Bid Strategies**

- A. Auction Types
- B. Market Power Mitigation and Auction Markets

**V. Commodity, Futures and Derivative Electricity Markets**

- A. Characteristics
- B. Pools vs. Bilateral Agreements
- C. Forwards and Futures
- D. Hedging as Insurance
- E. Speculation
- F. Risk Preference
- G. Arbitrage

**VI. Markets for Electricity Transmission**

- A. Spatial Markets
- B. Locational Pricing
- C. Investment Incentives

**VII. Retail Pricing**

- A. Time-varying Pricing

**VIII. Resource Adequacy and Capacity Markets**

- A. Resource Adequacy
- B. Capacity Markets