



**ECONOMIC FUNDAMENTALS OF
ELECTRICITY REGULATION AND MARKETS
Executive Education Course**

**January 14-15, 2008
Buehler Alumni Center
AGR Hall
University of California
Davis, California 95616**

Electricity Regulation

January 14, 9:00 am – 5:00 pm

I. Electricity Regulation

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

II. Competitive Wholesale Electricity Markets

- A. Competitive Outcomes
- B. Peak-Load Pricing
- C. Environmental Externalities

III. Market Power in Electricity Markets

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

IV. Regulation and Mitigation of Market Power

- A. Price Caps
- B. Market Power Mitigation and Auction Markets
- C. Forward Contracts and Market Power

Market Design and Organization

January 15, 9:00 am – 5:00 pm

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. Restructuring and Institutional Issues

VII. Time-Varying Retail Electricity Pricing

- A. Time-varying Pricing

VIII. Electricity Restructuring and Reliability

- A. Resource Adequacy
- B. Capacity Markets