



Executive Education Course

**September 28 - 29, 2004
Board Room
California ISO
Folsom, California**

**ECONOMIC FUNDAMENTALS OF
ELECTRICITY REGULATION AND MARKETS**

Electricity Regulation September 28

10:00am – 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

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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

Market Design and Organization, September 29

9:00am – 4:30pm

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

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VII. Retail Electricity Pricing and Resource Adequacy

- A. Resource Adequacy
- B. Real-Time Pricing

VIII. Retail Electricity Markets

- A. Retailing Functions
- B. Default Provider Issues