ECONOMIC FUNDAMENTALS OF
ELECTRICITY REGULATION AND MARKETS

Executive Education Course                January 20 – 21, 2005
Board Room
California ISO
Folsom, California

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