ECONOMIC FUNDAMENTALS OF
ELECTRICITY REGULATION AND MARKETS
Executive Education Course

January 30-31, 2007
Room One
UC Davis Graduate School of Management
One Capitol Mall
Sacramento, California 95814

Electricity Regulation, January 30
9:00am – 4:30pm

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

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
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