Executive Education Course
January 8 -9, 2004
Board Room
California ISO
Folsom, California

ECONOMIC FUNDAMENTALS OF ELECTRICITY REGULATION AND MARKETS

Electricity Regulation January 8
10:00am – 5:30pm

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

II. Wholesale Electricity Markets
   A. Competitive Outcomes
   B. Peak-Load Pricing

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III. Market Power Basics
   A. Definitions
   B. Influences
   C. Examples
IV. Electricity Auction Markets
   A. Auction Types
   B. Market Power Mitigation and Auction Markets

Market Design and Organization  January 9  9:00am – 4:30pm

V. Commodity Market Organization
   A. Characteristics
   B. Pools vs. Bilateral Agreements

VI. Financial Instruments and Hedging
   A. Forwards and Futures
   B. Hedging as Insurance
   C. Speculation
   D. Risk Preference
   E. Arbitrage

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VII. Transmission Management and Pricing
   A. Spatial Markets
   B. Locational Pricing
   C. Investment Incentives

VIII. Retail Markets
   A. Retailing Functions
   B. Default Provider Issues
   C. Resource Adequacy
   D. Realtime Pricing