

Contents

1	Introduction	1
2	Restructuring of Electricity Markets	5
2.1	Liberalization, Deregulation, and Restructuring of the Electricity Markets	5
2.1.1	On Liberalization and Deregulation	6
2.1.2	Different Grounds for Deregulation	8
2.2	Nordic Power Market as an Example of Restructuring	10
2.2.1	Restructuring and Integration of the Nordic Power Markets	11
2.2.2	Current Structure of the Nordic Power Market	13
2.3	Assessment of Deregulation Processes	14
	References	17
3	Modeling Energy Production System	21
3.1	Background	21
3.2	Structure of the Model	21
3.2.1	Equilibrium with One Technology	22
3.2.2	Equilibrium with a Technology Mix	24
3.3	Description of the Algorithm	25
	References	27
4	Real-Time Pricing; An Application to the Nordic Power Markets	29
4.1	Background	29
4.2	Data for Simulations	32
4.3	Results	34
	References	43

5	The Effects of Nuclear Power Investments in Real-Time Pricing Framework	45
5.1	Background	45
5.2	Nuclear Power Scenarios	48
5.3	Empirical Results	49
	References	53
6	Emission Trading and Market Access of Renewables	55
6.1	Background	55
6.2	On Emission Trading Schemes in Europe	56
6.3	RTP, Emissions Trading, and Wind Power Market Access	58
	References	61
7	Efficiency of Electricity Distribution	65
7.1	Background	65
7.2	Consistency Conditions	68
7.2.1	Stochastic Frontier Analysis	69
7.2.2	Data Envelopment Analysis	71
7.3	Data	72
7.4	Estimation Results and Consistency Condition for the SFA and DEA Model	74
7.5	Stochastic Frontier Functional Form	77
7.6	Frontier Functional Form Estimation Results	80
7.7	Inefficiency Results	85
	References	88
8	Observed Versus Unobserved Heterogeneity in Electricity Distribution	91
8.1	Background	91
8.2	Heterogeneity Augmented Versions of Stochastic Frontier Models	94
8.3	Empirical Versions of Heterogeneity Augmented SFA Models	96
	References	103
9	Regulating Electricity Distribution Utilities	105
9.1	Background	105
9.2	Different Regulation Models	107
9.2.1	Rate of Return/Cost of Service Regulation	107
9.2.2	Price Cap Regulation	107
9.2.3	The Optimal Incentive Scheme	108
9.2.4	Simple Menu of Contracts	110
9.3	Regulation and Welfare	111
9.3.1	Welfare Calculations	111

9.3.2	The Regulation Application	112
9.3.3	The Welfare Results	114
	References	116
10	The Future of Electricity Markets.	119
10.1	Background	119
10.2	Network Development and Potential Benefits	120
10.3	Distributed Energy Resources as a Two-Sided Market	122
10.3.1	Theoretical Framework	122
10.3.2	Discussion on Distributed Energy Sources.	125
10.4	Future Electricity Markets	128
	References	131
	Index	133

<http://www.springer.com/978-1-4471-2971-4>

Modern Energy Markets

Real-Time Pricing, Renewable Resources and Efficient
Distribution

Kopsakangas-Savolainen, M.; Svento, R.

2012, XII, 140 p., Hardcover

ISBN: 978-1-4471-2971-4