

Freie Universität Berlin  
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 Summer Semester 2014

## Energy Economics and Policy

This is a course on energy economics and policy with focus on Eastern Europe. It will primarily concentrate in the economics of energy markets with reference to the regulation of natural monopolies, extraction of nonrenewable resources, and regulation of oil, gas and electricity markets. Furthermore, it will provide basic analytical tools in understanding the environmental aspects of energy and more specifically pollution control, fuel externalities, land allocation and forestry, fisheries and climate negotiations. Attendance in all sessions is required. Students are expected to make a 20-minute presentation in a week of their choice. The course grade is defined by a final exam.

**Time and Location:** Mondays, 14-16, OEI, Room 323, Garystr. 55.

**Office Hours:** Tuesdays, 15-17, OEI, Room 101A, Garystr. 55.

### Required Textbooks:

Tietenberg Tom and Lynne Lewis. *Environmental and Natural Resource Economics*, Pearson Education Inc., Boston et al., 9<sup>th</sup> Edition, 2012.

Viscusi Kip, John Vernon, and Joseph Harrington. *Economics of Regulation and Antitrust*, Cambridge, MA: MIT Press, 2000.

### Grades:

Final

### Week 1: Introduction to the Economic Analysis of Natural Resources

- Tietenberg and Lewis, Ch. 2.

### Week 2: Pricing of Exhaustible Resources I

- Tietenberg and Lewis, Ch. 5 and 6.

### Week 3: Pricing of Exhaustible Resources II

- Tietenberg and Lewis, Ch. 7.
- Nordhaus William, "The Allocation of Energy Resources," Brookings Papers, No. 3 (1973): 529-570. <http://cowles.econ.yale.edu/P/cp/p04a/p0401.pdf>

### Week 4: Natural Monopolies

- Viscusi Kip, John Vernon, and Joseph Harrington. *Economics of Regulation and Antitrust*, Cambridge, MA: MIT Press, 2000: Chapters 11 and 12.

### **Week 5: Regulation and Transition of Energy Markets**

- Viscusi Kip, John Vernon, and Joseph Harrington. *Economics of Regulation and Antitrust*, Cambridge, MA: MIT Press, 2000: Chapter 18.
- Joskow Paul, "Electricity sectors in transition," *Energy Journal*, 19(2), 1998.

### **Week 6: Externalities of Conventional Fuels**

- Tietenberg and Lewis, Ch. 3 and 4.

### **Week 7: Nuclear Power**

- Deutch and Lester, *Making Technology Work*, "Ch. 7: Nuclear Power and Its Fuel Cycle", *Cambridge University Press*, Cambridge, UK: 109-133, 2004.
- Hultman, N., Koomey, J. G, and Kammen, D. M. (2007) "What history can tell us about the costs of future nuclear power", *Environmental Science & Technology*, 41(7): 2088-2093.
- Lake, J. A., Bennett, R. and Kotek, J. F. (2002) "Next Generation Nuclear Power", *Scientific American*, Issue 1, 73-81.

### **Week 8: Pollution Control I**

- Tietenberg and Lewis, Ch. 14.

### **Week 9: Pollution Control II**

- Tietenberg and Lewis, Ch. 15.

### **Week 10: Land Allocation and Forestry**

- Tietenberg and Lewis, Ch. 12.

### **Week 11: Fisheries**

- Tietenberg and Lewis, Ch. 13.

### **Week 12: Climate Change**

- DeCanio Stephan J. and Anders Fremstad. "Game Theory and Climate Diplomacy", *Ecological Economics*, Vol. 85 (2013): 177-187.
- Barrett Scott and Astrid Dannenberg. "Climate Negotiations under Scientific Uncertainty", *Proceedings of the National Academy of Sciences*, Vol. 109, No. 43: 17372-17376, 2012.