

Free University of Berlin
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 Summer Semester 2013

Energy Economics and Policy in Eastern Europe

OEI Master (Modul B) and WIWISS Master (Modul "Aktuelle Forschungsfragen der internationalen Makroökonomie")

Wednesdays, 10-12, Garystr. 55, Room 105 (First Session: 10th of April 2013)

Office Hours: Tuesdays, 15-17

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. Evidence will be drawn from a series of case studies from Eastern Europe. The energy sectors of Russia, Ukraine, Poland, Bulgaria, Georgia and Kazakhstan will be studied in the light of the economic concepts developed in the first part of the course. The case materials to be discussed from those six East European/Eurasian countries will be tailored to the research interests of course participants. Evaluation will occur on the basis of problem sets, a midterm, a final and a paper. Attendance in all lectures is required.

Required Textbook:

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

Grades:

WIWISS Master: Final Exam (requires solution of Problem Sets)

OEI Master: Presentation and Paper

Week 1: Introduction to the Economic Analysis of Energy 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: TBA

Week 9: Pollution Control

- Tietenberg and Lewis, Ch. 14.

Week 10: Land Allocation and Forestry

- Tietenberg and Lewis, Ch. 10 and 12.

Week 11: Russia and Ukraine

Week 12: Poland and Bulgaria

Week 13: Kazakhstan and Georgia