



**Jonathan Lesser and Leonardo Giacchino,
Bates White Partners, publish new book:**

Fundamentals of Energy Regulation

****Now Available****

Energy regulation experts, Jonathan Lesser, PhD, and Leonardo Giacchino, PhD, have teamed up to produce an important new reference guide for regulators, attorneys, rate analysts, economists, accountants, and students interested in this dynamic field.

In Part I, the authors of *Fundamentals of Energy Regulation* begin by explaining fundamental economic and regulatory concepts used in ratemaking and regulatory oversight worldwide. They explain how the revenue requirement concept underlies all forms of regulation, from traditional “cost-of-service” regulation to various types of “incentive” and performance-based regulation that are increasingly used in the United States and internationally. Using clear examples and case studies, the authors guide readers through the ways practitioners perform key—and often controversial—calculations that establish the baseline of revenues that regulated firms require to operate successfully. The authors carefully explain the methods used to measure and verify costs, determinations of the prudence of regulated investments, the role and calculation of depreciation costs, and the methods used to estimate regulated rates of return.

Drs. Lesser and Giacchino then tackle issues surrounding cost allocation, focusing especially on the methods used to allocate “joint and common” costs among different customer groups, as well as how those groups are themselves determined. The authors address the differences between short-run and long-run marginal costs, which often determine the overall structures of regulated rates and tariffs; conflicts between pricing for efficiency and pricing for equity, as well as broader “social policy” price goals; the establishment of “ready-to-serve” charges; the use of multipart price tariffs; and different methods to estimate tariffs. They conclude Part I by discussing different “pass-through” mechanisms that allow regulated companies to automatically adjust rates in response to changes in cost components over which they have no control.

In Part II, the authors present a wide range of topics, including the practical aspects of new regulatory structures, as well as a host of issues that have become increasingly critical, including: evaluation and prevention of market power in newly deregulated markets; the growing importance of environmental regulation, including regulation designed to address global climate change; investment decisions that can cope with increasingly volatile energy markets; methods to ensure reliable electric systems; and emerging issues in international energy regulation.

Fundamentals of Energy Regulation is available now at a special introductory price from the publisher, Virginia-based, Public Utilities Reports, Inc.: http://www.pur.com/view_news.cfm?id=66.

Fundamentals of Energy Regulation

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Written by two economists, *Fundamentals of Energy Regulation* will be useful to attorneys, students, and other professionals learning about or working in the field of energy regulation.¹ Among other things, Dr. Lesser is currently one of three deans for the Energy Bar Associations (EBA) Primer Program, and this text was suggested reference reading for the recent EBA Primer Series, *Electricity and Electric*.² The content is very up-to-date, which is a good thing in the fast evolving energy field.³ There is, for instance, an excellent and timely discussion of the Federal Energy Regulatory Commissions (FERC) natural gas pipeline discount rate policy and its ongoing effects, something not seen outside legal briefs on the matter.³ The authors in the Preface to the Second. Written by two economists, *Fundamentals of Energy Regulation* will be useful to attorneys, students, and other professionals learning about or working in the field of energy regulation. Among other things, Dr. Lesser is currently one of three deans for the Energy Bar Association's (EBA) Primer Program, and this text was suggested reference reading for the recent EBA Primer Series, *Electricity and Electric Rate Regulation: An Introduction*, held in Denver in December 2013. This is the second

Renewable energy advocates often point to the total energy fluxes of the Earth (below) and proclaim that renewable energy resources are essentially boundless. Yes, it is true: we are surrounded by incredible amounts of diffuse renewable energy (e.g. solar radiation and wind). Unfortunately, however, this energy is useless to us unless it is concentrated into forms such as electricity or fuels.Â Material and energy intensive storage technologies face very real fundamental limits. I worry about the ability of our economies to maintain the growth rates required to advance renewable energy technology if energy prices continue to rise.Â The nature of the economic crisis (insufficient regulation vs. excessive interference). The correct response to the economic crisis (stimulus vs. austerity). Regulatory Compact 1.5. All Regulation is Incentive Regulation. 2. A Brief History of Regulation. . . 8 2.1 Grain Terminals and Warehouses, and Transportation 2.2 Utility Regulation 2.3 Restructuring and Deregulation. 3. Industry Structure. . . .Â 9. Fundamentals of Rate Regulation: Allocation of Costs to Customer Classes. . 61 9.1. Embedded vs. Marginal Cost of Service Studies 9.2.Â Utility Cost (Test) Variable Energy Resource Volatile Organic Compound Value of Solar Tariff. Western Climate Initiative. Table of Figures. The author considers renewable energy sources role according to the Energy Strategy of Russia Development until 2030, pays special attention to the conceptual apparatus, and legal regulation, conducts the comparative analysis of the legal provisions regarding renewable energy sources, emphasizes the problematic issue of energy efficiency legal regulation by using renewable energy sources, determines their fundamental role in the further development of energy. use and the energy-efficient system, reveals shortcomings in the current legislation and suggests the ways of their elimination.