



APPLIES TO ACADEMIC YEAR 2013/2014

GRA 8196 Energy Policies, Regulation and Taxation

Programme

Executive Master of Management in Energy (EMME)

Responsible for the course

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Department

Department of Innovation and Economic Organisation

Term

According to study plan

ECTS Credits

6

Language of instruction

English

Introduction

This course is part of the Executive Master of Management in Energy in cooperation with BI Norwegian Business School and IFP School.

Learning outcome

The objective of this course is to give an introduction to energy policy, regulation and taxation and the basic challenges facing governments and politicians. It also discusses how companies can adapt to various form of political intervention and how markets change. Political interventions are discussed both at a micro level (regulation of companies and individuals) and at a macro level (regulation of social welfare, fiscal policy) on regional, national and international levels. Social goals and policy, regulatory and fiscal methods are discussed, as well as their pros and cons. Cases from national and international experiences are demonstrated. The governance of Russian energy business is discussed.

Acquired knowledge:

Participants will acquire an understanding of how national and international economic and political framework and mechanisms influence the energy industry and markets, with an emphasis on the challenges to energy policy makers and energy market regulators. This includes methods of direct intervention, regulation as well as taxation.

Acquired skills:

The course will enable the participants to understand energy markets and the energy business and the need to regulate due to the imperfect nature of energy markets, positive and negative externalities of energy production and consumption and when social goals conflict with private economic goals. The course shall provide understanding of how public authorities may define social goals and how they use various policy tools to repair for market failures. The ambition is to provide insight into the reason and methods for energy policy making.

Reflection:

The participants will be able to reflect on the challenges in different countries and organizations connected to the nature and characteristics of energy policy and regulation, energy policies in major countries and regions, and energy company performances.

Prerequisites

Granted admission to the Executive Master of Management in Energy Management programme. Students should be familiar with the readings and references for the course "Energy economics and geopolitics" (GRAXXX).

Compulsory reading

Books:

Austvik, Ole Gunnar in: The Norwegian State as Oil and Natural Gas Entrepreneur. 2009. "Market liberalization" and "Constraints to market liberalization. Saarbrücken: VDM Verlag. Ch. 4, pp. 191-248 and ch. 5, pp. 258-348.
Besanko, Dranowe, Shanley, & Shaffe. 2004. "Competitors and Competition". In: Economics of Strategy. Boston: Wiley & Son. Ch. 6, pp. 199-231
Macartan, Humphrey, Sachs, Jeffrey and Stiglitz Joseph. 2007. "What is the problem with natural resource wealth?" In: Macartan, Sachs & Stiglitz (eds); Escaping the Resource Curse. New York: Columbia University Press. pp. 1-21

McAleese, Dermot. 2004. The economics of market power". In: Economics for Business. Competition, Macro Stability and Globalization. London: Prentice Hal. Ch. 6, pp. 125-154
Tietenberg, Tom & Lewis, Lynne. 2009. Environmental and natural resource economics. 8th Ed. Boston: Pearson Publishe. pp. 1-10, 14-30

Articles:

Andersen, Svein & Sitter, Nicki in Ferrman, G. (ed.). 2009. "The European gas market: Differentiated integration and fuzzy liberalization". In Ferrman, G. (ed.) Political Economy of Energy in Europe: Integration and fragmentation. Berliner Wissenschafts-Verlag. pp. 63-85
Austvik, Ole Gunnar. 1992. "Limits to Oil Pricing. Scenario Planning as a Device to Understand Oil Price Developments". Energy Policy. Vol 20, no 1. pp. 1097-1105
Austvik, Ole Gunnar. 1993. "The War Over the Price of Oil: Oil and the conflict on the Persian Gulf". International Journal of Global Energy Issues. Vol 5, no 2,3,4. pp. 134-143
Austvik, Ole Gunnar. 2009. The generally misguided long-term oil price forecasts; Price formation and policy implications. Lillehammer University College. Working Paper no.186. 22 p
Austvik, Ole Gunnar. 2012. "Landlord and entrepreneur. The shifting roles of the state in Norwegian oil and gas policy." Governance. An International Journal of Policy, Administration, and Institutions. Vol 25, issue 2. pp. 315-334
Cappemini. 2012. A strategic overview over the European energy markets. pp. 50-67
Collier, Paul. 2010. "The political economy of natural resources". Social Research. Vol 77, no 4. pp. 1105-1132
Financial Times. "Lord Sugar calls for green energy target." June 2, 2013.
<http://www.ft.com/intl/cms/s/0/cbaa6384-c9f8-11e2-af47-00144feab7de.html#axzz2gSQXlzcD>
Griffin & Teece. Elements of the Crude Oil Production Decision: Implication from Economic Theory" and "Models of OPEC behavior". I: Griffin, James M. and David J. Teece. 1982. OPEC behavior and world oil prices. Allen & Unwin. p. 13-35
International Energy Agency IEA. 2013. Tracking Clean Energy Progress. Paris: IEA
<http://www.iea.org/etp/tracking/>
Johnston, Daniel. 2003. International Exploration Economics, Risk and Contract Analysis. Tulsa, Ok., PennWell. pp. 1-56
Lynch, Michael. 1992. The Fog of Commerce. The Failure of Long-Term Oil Market Forecasting. Center for International Studies, Massachusetts Institute of Technology. Working Paper C92/5. pp. 5-17, 63-64
McPherson, Charles. 2003. "National Oil Companies: Evolution, Issues, Outlook" in Fiscal Policy Formulation and Implementation in Oil-Producing Countries. Washington D.C., International Monetary Fund. pp. 184-204
Osmundsen, P. And Løvås, K. (Forthcoming). 2013. 'Trends and trade-offs in petroleum tax design. Int. J. Global Energy Issues
Osmundsen, P., "Time Consistency in Petroleum Taxation – Lessons from Norway", in Daniel, P., Keen, M. and C. McPherson, eds., 2010 (April). The Taxation of Petroleum and Minerals: Principles, Problems and Practice. Routledge, the International Monetary Fund. pp. 425-444. ISBN: 978-0-41578-138-1
Selection of additional readings may be provided before the course starts
Victor, David G, Hults, David R. and Thurber, Mark, eds. David G. Victor, David R. Hults and Mark Thurber. "Appendix A, our assessments off NOC performance, in Oil and Governance, State-owned Enterprises and the World Energy Supply. Cambridge University Press. pp. 931-940
Warshaw, Christopher, eds. David G. Victor, David R. Hults and Mark Thurber. 2012. "The political economy of expropriation and privatization in the oil sector", in Oil and Governance, State-owned Enterprises and the World Energy Supply. Cambridge University Press. pp. 35-61

Other:

Osmundsen, Petter. 2009. "LNG on Internal Sale". Power Point presentation
Osmundsen, Petter. "International Petroleum Taxation: Trends and Trade Offs". Presentation at BI Norwegian Business School, May 25, 2009

Recommended reading

Books:

Dahl, Carol. 2004. International energy markets: understanding pricing, policies, and profits. Pennwell. pp.1-277, 313-338, 371-412
Tietenberg, Tom & Lewis, Lynne. 2009. Environmental and natural resource economics. 8th ed. Boston: Pearson Publisher. pp. 34-91, 134-191

Articles:

Easo, Jubilee. "Licences, concessions, production sharing agreements and service contracts", in Oil and Gas. A Practical Handbook. pp. 27-40
EU. 2010. Europe 2020 Initiative. http://ec.europa.eu/energy/strategies/2010/2020_en.htm
EU. 2011. Energy Roadmap to 2050.
http://ec.europa.eu/energy/publications/doc/2012_energy_roadmap_2050_en.pdf
Goivala, Chavez. 2008. "Upstream joint ventures", in Oil and Gas. A Practical Handbook. pp. 41-56
Marcel, Valerie. 2006. Rest of Oil and Governance, State-owned Enterprises and the World Energy Supply. Oil Titans, National Oil Companies in the Middle East, London. Chatham House

Nakhle, Carol. Petroleum Taxation. London: Routledge. pp. 2-50 and 93-115
Osmundsen, Petter, Magne Emhjellen and Morten Halleraker. 2006. The Changing World of Oil. Transnational Energy Companies' Investment Allocation Decisions. pp. 105-122

Other:

Stoltenberg, Jens. 2013. The resource curse; the case of Norway. Speech Harvard University, September 24. www.odin.smk.no

Course outline

Energy policy

- The rationale for energy market regulation
- Energy policy and security of supply
- Energy policy tools
- Energy policies in major regions and countries
- The role of international organizations: OPEC, the IEA, European Union.
- Macroeconomic challenges

Taxation, regulation and subsidies

- Energy producer taxation: capturing the resource rent
- Energy consumer taxation
- Energy regulations, direct interventions, subsidies and protection

Computer-based tools

It's Learnin and e-mail.

Learning process and workload

1 ECTS credit corresponds to a workload of 26-30 hours.

Sessions include lectures, seminars and group work.

Attendance to all sessions in the course is compulsory. If you have to miss part(s) of the course you must ask in advance for leave of absence. More than 20% absence in a course will require retaking the entire course. It's the student's own responsibility to obtain any information provided in class that is not included on the course homepage/ It's learning or other course materials

Examination

The course evaluation will be based on:

- Group assignment with presentation, graded pass/fail
- Individual paper, graded A-F

All evaluations must be passed to obtain a certificate for the degree.

This is a course with continuous assessment (several exam elements) and one final exam code. Each exam element will be graded using points on a scale (e.g. 0-100). The elements will be weighted together according to the information in the course description in order to calculate the final letter grade for the course.

Students are subject to individual evaluation through a homework, one policy-paper discussing pros and cons for a specific decision maker dealing with different regulatory, interventionary and fiscal policy measures after the course on a subject treated in the course. Furthermore, considering that parts of the analytical work as experts of the energy sector is conducted in groups; students will also be subject to evaluation through one group assignment and presentation before the course ends.

Examination code(s)

GRA 81961 - Continuous assessment; accounts for 100% of the final grade in the course GRA 8196, 6 ECTS credits

The course is a part of the Executive Master of Management in Energy (EMME) and all evaluations must be passed to obtain a certificate for the degree.

Examination support materials

Exam aids at examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary. <http://www.bi.edu/studenthandbook/examaids>

Re-sit examination

Re-takes are only possible at the next time a course will be held. When course evaluation consists of class

participation or continuous assessment, the whole course must be re-evaluated when a student wants to retake a exam. Retake examinations entail an extra examination fee.

Additional information