



APPLIES TO ACADEMIC YEAR 2014/2015

GRA 8196 Energy Governance, Policy and Regulation

Programme

Executive Master of Management in Energy (EMME)

Responsible for the course

Nick Sitter

Department

Department of Accounting - Auditing and Law

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 governance, policy and regulation 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 at a macro level (energy, competition and security policy), at the national, regional and international stage. The courses discusses the policy implications of approaching energy as a public, private and strategic good; and the strengths and weaknesses of different types of energy governance and policy tools. A range of national and empirical cases are use to explore these themes.

Acquired knowledge:

Participants will acquire an understanding of how national and international economic and political frameworks and governance mechanisms influence the energy industry and markets, with an emphasis on the challenges to energy policy makers and energy market regulators. This includes policy tools such as direct government intervention, state ownership and arms-length regulation.

Acquired skills:

The course will enable the participants to understand energy markets and the energy business and the need to regulate markets from a public policy perspective, both in terms of market failures (including the positive and negative externalities of energy production and consumption, competition policy and natural monopolies) and boarder political goals linked to economic stability, social justice and security. They will be able to understand the motives and methods for energy policy making, assess the effectiveness of policy tools, and evaluate the trade-offs and dilemmas involved.

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"

Compulsory reading

Books:

Andersen, Svein & Sitter, Nick. 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. 63-85
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.
Austvik, Ole Gunnar. 2009. EU Natural Gas Market Liberalization and Long-Term Security-of-Supply and -Demand, in Ferman (ed): The Political Economy of Energy in Europe: Forces of Integration and Fragmentation.

Berliner Wissenschafts Verlag. 85-118

Besanko, Dranowe, Shanley, & Shaffe. 2004. "Competitors and Competition". In: *Economics of Strategy*. Boston: Wiley & Son. Ch. 6, pp. 199-231

David C. Rapoport. 2004. *The Four Waves of Modern Terrorism*, in Audrey Kurth Cronin and James Ludes (eds.) *Attacking Terrorism: Elements of a Grand Strategy*. 46-73

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*. Columbia University Press. 1-21

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

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. 184-204

Noreng, Øystein. 2006. *Crude Power: Politics and the Oil Market*, ch. 4 "The Political Economy of Oil Prices". IB Tauris. 152-186

Stevens, Paul. 2007. *Oil Markets and the Future*, in Dieter Helm (ed.) *The New Energy Paradigm*. Oxford University Press. 123-175

Tietenberg, Tom & Lewis, Lynne. 2009. *Environmental and natural resource economics*. 8th Ed. Boston: Pearson Publishe. pp. 1-10, 14-30

Veljanovski, Cento. 2010. *Economic Approaches to Regulation*, in Robert Baldwin, Martin Cave and Martin Lodge (eds), *The Oxford Handbook of Regulation*. Oxford University Press. 17-38

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

Audrey K. Cronin. 2010. *The Evolution of Counterterrorism: Will Tactics Trump Strategy?*. *International Affairs*. 86:4. 837-856

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. 1997. *Gas pricing in a liberalized European market; Will the rent be taxed away?*. *Energy Policy*. 20:12. 997-1012

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

Austvik, Ole Gunnar. 2014. *The Norwegian Petroleum Experience as an Example?*. *The International Shale Gas and Oil Journal, ISG&OJ*. 2:2. 18-28

Capgemini. 2012. *A strategic overview over the European energy markets*. pp. 50-67

Collier, Paul. 2010. *The political economy of natural resources*. *Social Research*. 77.4. 1105-1132

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>

Goldthau, Andreas. 2012. *From the State to the Market and Back. Policy Implications of Changing Energy Paradigms*. *Global Policy*. 3:2. 198-210

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
Yergin, Daniel. 2006. Ensuring Energy Security. Foreign Affairs. March/April. 69-82

Other:

Austvik, Ole Gunnar. 2009. The generally misguided long-term oil price forecasts; Price formation and policy implications. Lillehammer University College. Working Paper no.186. 1-22
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
Statoil. The In Amenas Attack, Statoil investigation report,
<http://www.statoil.com/en/NewsAndMedia/News/2013/Downloads/In%20Amenas%20report.pdf>. 1-88

Recommended reading

Books:

Baldwin, Robert, Martin Cave and Martin Lodge. 2013. Understanding Regulation. Chapter 1 on why regulate. Oxford University Press. 15-25
Behn, Daniel, and Vitaliy Pogoretskyy. 2012. Tensions between the liberalist and statist approach to energy trade governance: the case of gas dual pricing. In Caroline Kuzemko, Andrei Belyi, Andreas Goldthau and Michael Keating (eds) Dynamics of energy governance in Europe and Russia. Palgrave Macmillan. 45-65
Bior, Faith. 2007. The investment Implications of Global Energy Trends in Dieter Helm (ed.) The New Energy Paradigm. Oxford University Press. 411-421
Dahl, Carol. 2004. International energy markets: understanding pricing, policies, and profits. Pennwell. pp.1-277, 313-338, 371-412
Eliassen, Kjell and Nick Sitter. 2008. Understanding Public Management: Liberalising and Modernising Public Services. Ch 4 on regulation and competition policy. Sage. 75-92
Noreng, Øystein. 2013. Global Resource Scramble and New Energy Frontiers" in Andreas Goldthau (ed,) The Handbook of Global Energy Policy. Wiley-Blackwell. 159-175
Stern, Jonathan and Howard Rogers. 2011. The Transition to Hub-based Gas Pricing in Continental Europe, NG 49,. Oxford Institute for Energy Studies. 1-45
Tietenberg, Tom & Lewis, Lynne. 2009. Environmental and natural resource economics. 8th ed. Boston: Pearson Publisher. pp. 34-91, 134-191
Victor, David G, Hults, David R. and Thurber, Mark,. Appendix A, our assessments off NOC performance, in Oil and Governance, State-owned Enterprises and the World Energy Supply. . Cambridge University Press. 931-940
Wilks, Stephen. 2010. "Competition Policy", in Helen Wallace, Mark Pollack and Alasdair Young (eds), in Policy-Making in the European Union. Oxford University Press. 133-156
Yergin, Daniel. 2011. The Quest: Energy, Security, and the Remaking of the Modern World. .Ch 1 on Rusia. Penguin. 21-43
Yergin, Daniel.. 1991. The prize: The epic quest for oil, money, and power.Ch 31 on OPECs imperium. Simon & Schuster.. 633-652
Youngs, Richard. 2009. Energy Security: Europe's New Foreign Policy Challenge. Ch3 on the policy response. Routledge. 22-50

Articles:

Abrahms, Max. 2006. Why Terrorism Does Not Work. International Security. 31:2. 42-7
Austvik, Ole Gunnar. 1992. Limits to Oil Pricing. Scenario Planning as a Device to Understand Oil Price Developments. Energy Policy. 20:1. 1097-1105
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. 25:2. 315-334
Correlje, Aad, and Coby van der Linde. 2006. Energy Supply Security and Geopolitics: A European Perspective. Energy Policy. 34. 532-543
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
Goldthau, Andreas and Nick Sitter. 2014. A liberal actor in a realist world? The Commission and the external dimension of the single market for energy. Journal of European Public Policy, Published online: 22 May 2014. 1-20
Goldthau, Andreas. 2012. A Public Policy Perspective on Global Energy Security. International Studies Perspectives. 13:1. 65-84
Helm, Dieter. 2002. Energy policy: security of supply, sustainability and competition. Energy Policy. 30. 173-184

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

McNally, Robert and Michael Levi. 2011. A Crude Predicament: The Era of Volatile Oil Prices. Foreign Affairs. 90:4. 100-111

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

Parker, Tom. 2007. Fighting an Antaeus Enemy: How Democratic States Unintentionally Sustain the Terrorist Movements they Oppose. Terrorism and Political Violence. 19:2. 155-179

Sitter, Nick and Tom Parker. 2014. Fighting Fire with Water: NGO and Counter-Terrorism Policy Tools. Global Policy. 5:2. 159-168

Stigler, George. 1971. "The Theory of Economic Regulation", Bell Journal of Economics and Management Science, 6:2. 3-21

Umbach, Frank. 2010. Global energy security and the implications for the EU. Energy Policy. 38:3. 1229-1240

Other:

Riley, Alan. 2012. Commission v. Gazprom: The antitrust clash of the decade? CEPS Policy Brief

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

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

Course outline

- Energy in political economy: a private, public and strategic good.
- Governance in the energy sector: actors and policy tools
- Energy policy and security of supply
- Oil markets: Global market, fungible product
- Security of Supply: Price risk and public policy tools
- Global governance: IEA and the international regime
- Gas markets: Regional markets, bilateral deals
- Security of Supply: Supply risk and public policy tools
- Regional governance: the European Union and regional regimes
- Energy, economic rent and interest group politics
- Energy and the global political economy
- Energy and security: security threats, resource conflicts, public and private policy tools

Computer-based tools

It's Learning 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, counts 30%
- Individual paper, counts 70%

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