

Economics of Energy: Economics 399

Associate Professor: Victor A. Matheson

Lectures: 10:00 - 10:50 MWF Room: Stein 302
 11:00 - 11:50 MWF

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Class Web Site: <http://www.holycross.edu/departments/economics/vmatheso/>

Required Text: Tom Tietenberg and Lynne Lewis, Environmental and Natural Resource Economics, 8th ed., New York: Addison Wesley, 2009.

Required Readings: A wide number of required readings will be made available on e-res or the class web-site throughout the class. The E-Res password for the course is "Econ399."

Suggested Reading: Dr. Suess, The Lorax, New York: Random House, 1971.

Class Objectives: This course will allow students to develop an understanding of many fields of economics that relate to energy including finance, game theory, basic microeconomics, and environmental economics. Particular attention will be paid to current day, real-world applications of economics in the energy world. The scheduled syllabus may be adjusted to accommodate any special interests of the students in class.

Grading: The required work for this class and the approximate weights in the final grade are as follows: 8-10 homework assignments and various in-class assignments, 35%; midterm exam, 25%; cumulative final exam, 40%. Final grades will be based upon 90%, A; 80%, B; 70%, C; with a curve or other adjustments if necessary. Collaboration is permitted and encouraged on homework; however, each student must submit an independently written assignment. Students are expected to abide by the Honor Code as described below. Late assignments are strongly discouraged. (You had better have a note from your priest, your doctor, or Kevin Garnett.) On the other hand, late is better than never. Finally, as economics is the study of the allocation of scarce resources, you must decide how to allocate the scarce resource of your time, and therefore attendance is not required. The opportunity cost of missing a class is an increased probability of a lower grade and the lost chance to hear me give yet another stirring lecture on energy economics.

Honor Code: Scholastic dishonesty is broadly defined as any act by a student that misrepresents the student's own academic work or that compromises the academic work of another. Examples include (but are not limited to) receiving or giving help on exams, plagiarizing (misrepresenting as one's own anything done by another), unauthorized collaboration on assignments or exams, or sabotaging another student's work. The penalty for scholastic dishonesty in this course will be the failure (grade of zero) on the entire assignment or exam.

Syllabus: Page 2

Calendar of Events: Economics 399

	<u>Day</u>	<u>Date</u>	<u>Topic, Chapters</u>	<u>Relevant Information</u>
Week 1	Wednesday	January 14	Introduction to Energy Economics	Chapter 1
	Friday	January 16	Measuring energy	Handout
	Monday	January 19	No Class. MLK Day.	
Week 2	Wednesday	January 21	Valuing the environment	Chapter 2
	Friday	January 23	Discounting	Chapter 2
	Monday	January 26	Discounting	Chapter 3
Week 3	Wednesday	January 28	Cost Benefit Analysis	Chapter 3
	Friday	January 30	Cost Benefit Analysis, Risk Analysis	Chapter 3, HW #1 due
	Monday	February 2	Dynamic Efficiency	Chapter 5
Week 4	Wednesday	February 4	Depletable and Renewable Resources	Chapter 7
	Friday	February 6	Depletable and Renewable Resources	Chapter 7, HW #2 due
	Monday	February 9	Depletable and Renewable Resources	Chapter 7
Week 5	Wednesday	February 11	Measuring Reserves	Chapter 8
	Friday	February 13	Oil	Chapter 8, HW #3 due
	Monday	February 16	Elasticity	Chapter 8
Week 6	Wednesday	February 18	Cartels	Chapter 4, 8
	Friday	February 20	Natural Gas	Chapter 8
	Monday	February 23	Energy regulation/deregulation	Chapter 8
Week 7	Wednesday	February 25	Catch-up day and review for midterm	HW #4 due
	Friday	February 27	Midterm Exam	Covers chapters 1-3, 5, 7-8
			S P R I N G B R E A K!!!!	Road trips and other rejoicing
Week 8	Monday	March 9	Review of Midterm Exam	
	Wednesday	March 11	Nuclear Power	Chapter 8
	Friday	March 13	Electricity Markets	Chapter 8
Week 9	Monday	March 16	Electricity Markets	Chapter 8
	Wednesday	March 18	Renewable Energy	Chapter 8, 11
	Friday	March 20	Renewable Energy	HW #5 due
Week 10	Monday	March 23	Economics of Pollution control	Chapter 15
	Wednesday	March 25	Pollution control policy	Chapter 15
	Friday	March 27	Pollution control policy	Chapter 15
Week 11	Monday	March 30	Stationary-Source Local Air Poll.	Chapter 16, HW #6 due
	Wednesday	April 1	Acid Rain	Chapter 17
	Friday	April 3	Climate Change	Chapter 17
Week 12	Monday	April 6	Climate Change	Chapter 17
	Wednesday	April 8	Climate Change	Chapter 17, HW #7 due
	Friday	April 10	No class. Easter Break	
Week 13	Monday	April 13	No class. Easter Break	
	Wednesday	April 15	Derivative markets	
	Friday	April 17	Derivative markets	SLC, Martin v. PGA
Week 14	Monday	April 20	Energy Efficiency Policy	
	Wednesday	April 22	Energy Efficiency Policy	
	Friday	April 24	Macroeconomics and Energy	
	Monday	April 27	Energy Security	HW #8 due
			Final Exam, TBD	Final Exam is cumulative

Students are expected to have read the appropriate chapters before class on each day. The calendar is tentative and subject to change depending on how things are going in class.