Electricity market reform started in 1987 in Chile, followed in 1989 in Britain, and has since spread to many parts of the world. The motivations to change the regulatory regime and the organization of the industry prior to reform vary from one place to another, as do the expectations for the outcome of reforms. Yet the overwhelming reasons are to increase the sector’s efficiency by introducing competition in segments where it makes sense to do so.

Despite considerable experience gained during the intervening two decades, a number of contentious market design and implementation issues remain. Moreover, while market reforms have addressed many of the shortcomings of the regulated or centrally planned era, in nearly all cases, initial market reform leads to unintended consequences or introduces new concerns, which must be addressed in subsequent “reform of the reforms.”

This paper provides an overview of the market reform experience, describes an overview of the challenging issues facing regulators and policy makers, and provides insights based on research contained in a forthcoming book by the same title to be published in 2007.

The author proposes to organize and chair this session where several chapter authors will present their papers.