Market and Regulatory Policy Design in the Face of Climate Change

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What is the problem?

• Not:
  – Capacity markets vs. energy-only markets
  – A single type of resource

• How do we prepare our energy system for a future with more frequent extreme weather events?
Understanding Market Failures

• Externalities
• Public goods
  – Reliability
  – Resilience
• Information asymmetry
Understanding Markets & Policy Tools

• Market incentives

• Market design & interactions

• Regulatory tools
Cross-sector Analysis & Planning

• Power systems
  – Generation
  – Transmission
  – Distribution

• Other systems:
  – Gas
  – Water
  – Communications
  – Transportation
Policy Design in the Face of Climate Change

• Ask the right questions

• Understand the problem and available tools

• Be open to market-based incentives, as well as direct regulation

• Coordinate and take action across multiple sectors
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