

COURSE NAME:	Quantitative Methods of Market Regulation		
TERM:	3	ACADEMIC YEAR	2011-2012
PROFESSOR:	Albert Banal-Estanol		
ECTS:	HOURS: 25 hours		
OVERVIEW:	<p>This course provides an overview of the quantitative techniques that are currently employed by regulatory agencies. By the end of the module, you should also be able to comfortable with the use of these techniques and critically evaluate quantitative work carried out by others. This involves three elements: (i) practice in using techniques, (ii) understanding the limitations of the techniques, (iii) practice in applying the results to regulatory situations.</p>		
COURSE OUTLINE:	<ol style="list-style-type: none"> 1. Introduction: rate of return and price cap regulation in practice 2. The building blocks approach and the cost of capital 3. Estimating production and cost functions 4. Data envelopment analysis (DEA) 5. Corrected ordinary least squares (COLS) 6. Stochastic frontier analysis (SFA) 		
REFERENCES	<p>We shall refer to a variety of case studies, reports, and textbook chapters. Some references include:</p> <p>Coelli, T., Rao, P and G. Battese (1998), <i>An Introduction to Efficiency and Productivity Analysis</i>, Springer. (second edition 2005)</p> <p>Peter Davis, Eliana Garces (2009) <i>Quantitative Techniques for Competition and Antitrust Analysis</i>, Princeton.</p> <p>CEPA (2003), "Background to Work on Assessing efficiency for the 2005 Distribution Price Control Review", Report for Ofgem.</p> <p>LECG (2005), "Future Efficient Costs of Royal Mail's Regulated Mail Activities", Report for Postcomm.</p> <p>DTe (2000), "Guidelines for the Regulation of the Electricity Sector in the Netherlands".</p> <p>Parker, D., Dassler T., and D. Saal, Performance Benchmarking in Utility Regulation: Principles and the UK Experience. <i>Handbook of Economic Regulation</i>.</p>		

