The electricity market deregulation and its influence on R&D in green electricity generation: John Sutton's model on technology and market structure and its application to the electricity market

The first part of this thesis is an elaboration on the Market Structure and Technology approach. As an introduction to the discussion on the approach an overview on what has been done by different economists (starting from Schumpeter) over time is provided. As theoretic foundation Sutton's gametheoretic model on "Technology and Market Structure" is considered. This thesis tries to show its compatibility to the electricity market and whether it can explain changes in the market structure and consequently technological advances in green electricity generation.

An introduction to the model considering a linear demand model will start the analysis of Sutton's model. Thereafter, the basic setting of Sutton's game-theoretic approach will broaden the analysis.

The second part of this thesis will enhance the model specification, the deregulation in the electricity market in Finland and Germany and the potential market structure development in the electricity industry. Critical remarks on the model's suitability will follow.

Furthermore will be pointed out which problems occur by unravelling the level of the observable variables from Sutton's model using existing data on Germany and Finland's electricity markets. Because of statistical deficiencies for available data on the proxy variables results of a small survey on the electricity generating industry in Finland, which could be used for further research in the area, will be presented.

Finally, concluding remarks will evaluate the model's suitability and the potential threats to the level of concentration in the electricity market as well as the influence on R&D in green technologies.

Avainsanat-Nyckelord-Keywords
- market structure
- r&d
deregulation
electricity market
eco-labelling
willingness-to-pay

Säilytyspaikka-Förvaringsställe-Where deposited

Muita tietoja-Övriga uppgifter-Additional information