

Name:
Enrolment No:



UNIVERSITY OF PETROLEUM & ENERGY STUDIES
End Semester Examination (Online) – July, 2020

Program: BA Economics (With Specialization in Energy Economics)
Semester : II

Subject/Course: Energy Sector Structure and Functioning
Course Code: ECON-1009

Max. Marks: 100
Duration : 3 Hours

IMPORTANT INSTRUCTIONS

1. The student must write his/her name and enrolment no. in the space designated above.
2. The questions have to be answered in this MS Word document.
3. After attempting the questions in this document, the student has to upload this MS Word document on Blackboard.

		Marks	COs														
Q.1	<p>Price Discrimination by BSES in India: The Electricity Act of 2003 has created a new paradigm for the development of the power sector in the country. It has abolished the monopoly of the state electricity boards created through the Electricity (Supply) Act of 1980 and has created a new competitive framework for the development of the power sector in the country, with focus on the consumers and the safeguarding of their interests by independent regulatory commissions. The Act has eliminated/reduced entry barriers in the entire chain of the electricity supply business. With this background, BSES, a company of Anil Ambani's Reliance, has entered for power supply in Delhi and Mumbai.</p> <p>In the supply of power, price discrimination is inevitable. Even in a normal situation, when a monopoly supplier faces different markets, prices differ from one market to another. Monopoly power and price discrimination have been described as Siamese twins. However, in India, it is not only the varying demand curves in the different markets but also the socio-economic considerations that lead to different prices. Subsidies are, once again, inevitable in such a situation. In determining the cost to various users, there are obviously many problems. Determination of the cost to serve is not easy in a multi-user situation.</p> <p align="center">Table: Electricity Charged by BSES in Delhi in 2007</p> <table border="1"> <thead> <tr> <th>User</th> <th>KW</th> <th>Units consumed/month</th> <th>Rate Rs./unit</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Domestic</td> <td rowspan="4">2-5</td> <td>0-100</td> <td>2.40</td> </tr> <tr> <td>101-200</td> <td>2.40</td> </tr> <tr> <td>201-400</td> <td>3.90</td> </tr> <tr> <td>>400</td> <td>4.60</td> </tr> </tbody> </table>	User	KW	Units consumed/month	Rate Rs./unit	Domestic	2-5	0-100	2.40	101-200	2.40	201-400	3.90	>400	4.60	20	
User	KW	Units consumed/month	Rate Rs./unit														
Domestic	2-5	0-100	2.40														
		101-200	2.40														
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		>400	4.60														

	Non-Domestic	up to KW	5.35			
		10-100 KW	4.87			
	Industrial	10-100 KW	4.32			
	Agriculture		1.50			
	Explain pricing strategies in power distribution companies with the help of theoretical concepts of degrees of price discrimination in public utility sector.					
Q.2	India pursues three key objectives in its energy policy: energy access, energy security and climate change. Discuss the interdependency of these key objectives.			20		
Q.3	Discuss the steps involved in tariff determination.			20		
Q.4	Explain the energy sector structure with special reference to Indian Power Sector.			20		
Q.5	Compare Indian Energy Sector with the country of your choice and also give reason for choosing the country for comparison.			20		

ANSWERS