



✎ EDITORIAL ✎

Economics of Energy & Environmental Policy

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Welcome to the fourth issue of EEEP. This edition of EEEP brings you five papers and five book reviews. The papers are on energy security, energy prices and low carbon support policies from around the world.

Noel et al. open with gas supply security in the three Baltic States of Estonia, Latvia and Lithuania. They provide a detailed analysis of the policy options available to each state for insuring against gas supply interruption, and showing the particular circumstances under which joint investments in shared facilities might be worthwhile.

Then we have two papers on the costs of energy policies, which have been the subject of heated debate in certain European countries. *Chawla and Pollitt* examine the evolution and distribution of the impact of environmental and energy efficiency policies on UK households. They show the extent to which policy costs charged through electricity and gas bills have risen over this period and the extent to which poor households pay more as a percentage of their income for these policies. *Neuhoff et al.* undertake a closely related analysis of the cost and distributional impact of the Renewable Energy Sources surcharge on electricity prices in Germany, which now constitutes a substantial share of the average household bill. In both cases, the authors offer suggestions to government on how the negative distributional impact could be mitigated.

Next, we have two papers on wholesale electricity market prices and how they are effected both by generating company behaviour and government policies towards the environment.

First, *Mountain* examines how the exploitation of market power in the South Australian electricity market significantly raises average prices, but disproportionately so for conventional generators rather than renewable generators. Market power exploitation is not illegal in Australia and Mountain discusses what the measured effects mean for energy policy.

Finally, *Chernenko* analyses the potential impact of energy and climate policy on carbon emissions in the Russian electricity market. She models the impact of three government policy proposals: to increase interconnection between Russian regions; to introduce a carbon tax on emissions from electric power plants; and to raise gas prices to export parity. The results for emissions are striking.

Our papers are followed by four reviews of five interesting books. The first three offer critiques of current international and national environmental policies. We then conclude with a substantial review of two of the latest policy relevant publications from the International Panel on Climate Change (IPCC).

✎ A NOTE ON SUBMISSIONS ✎

Each of the above papers is a good example of the sort of paper that we would encourage our readers to submit to EEEP. That is, they are each: (1) specifically about actual or proposed

energy and environmental policies; (2) easy to read and devoid of equations or tables of econometric results, and; (3) firmly grounded in the economic literature. The editorial team wish to thank all those who have submitted papers to the journal since it was announced and to warmly welcome papers which follow our published editorial guidelines. We are more than happy to receive and comment on ideas for papers, in advance of formal submission.