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Electricity Policy
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A cross-country analysis of electricity market reforms: potential contribution of New Institutional Economics

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Abstract

The paper explores whether the question of why some countries are able to implement more extensive reforms is closely related to the question of why some countries have better institutions than others. We analyse this question by using an empirical econometric model based on Poisson regression with cross-section data covering 51 US states, 13 Canada states and 51 other countries. The results show that both the background of the chairperson of electricity market regulatory agency when reforms started and the minister/governor at that time and institutional endowments of a country are important determinants of how far reforms have gone in a country. Our results also suggest that any improvement in the investment environment contributes to the scope of reforms. On the other hand, there seems to be a negative relationship between reform progress and civil liberties, which may prove that reforms may be limited in democratic countries with strong civil society institutions such as trade unions or other organized structures in the society that may consider reforms as 'harmful' to their self-interest.

Keywords

Electricity market reform, new institutional economics, Poisson regression

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