

California Electricity Crisis 2001

Mina Safai

M.A. Dissertation Evaluation

Mina Safai has chosen the California Electricity Crisis of 2001 as the topic of her M.A. dissertation. Mina is a native of Uzbekistan. Czech and English are both languages, which she has learned. She has written her thesis in English because she feels that English is her strongest foreign language. Supervising Mina was a joy because she established regular contact with me and always reacted well to constructive criticism.

The work contains an introduction, three main chapters (Chapters 1-3), and a conclusion (Chapter 4). Mina has done a good job referencing the work and she has gone to a great deal of effort to include relevant charts, tables, and graphs in order to prove her point. As I have hinted above, I forgive some of her grammatical errors in English due to her background.

In the introduction, Mina discusses American energy concerns generally and why the California Energy Crisis is a good case study. She aims to demonstrate that there existed an interdependence of financial, regulatory, and market factors in the California Energy Crisis. She poses three major questions: What were the objectives of deregulation policy? What were the results of this policy? Why was deregulation unsuccessful and what should be done not to avoid the same mistakes in the future?

Chapter 1 is devoted entirely to the project's research design and methodology. As Mina writes on page 9, "The aim of present research is to analyze challenges for energy security through the prism of the California electricity crisis that created unprecedented electricity blackouts and market crisis after restructuring the

state's electricity system. Consequently, the dominant research question for the project will be: What were the principal reasons for the California electricity crisis in 2001?" Mina's working hypothesis is that the deregulation of the energy sector can seriously challenge energy security. The published research is reviewed well. The sources Mina has utilized are official documents, published books, scientific journals, newspaper articles, and statistical data. This chapter is very illustrative and I am highly satisfied.

Chapter 2 deals with deregulation of the California electricity market. A brief pre-deregulation historical background is provided as is the notion of deregulation as a market reform. The goal of deregulation was to separate generation, transmission, and distribution of energy. Also, the evolution of federal energy legislation is analyzed in detail.

Chapter 3 discusses the crisis of the California electricity sector. Mina describes the main actors in the energy sector and the main players in the crisis. Then she gets into causes, which included too little locally generated energy, excessive reliance on natural gas, and extreme weather. Her argument that federal oversight was lacking is credible. This chapter presents convincing evidence and is well-written.

Chapter 4 is entitled "Energy security" and the California case" and it also contains the conclusion. Mina emphasizes the gap between state and national (federal) perceptions of energy security. She rightly claims that the California electricity crisis is an example of American domestic energy mismanagement. Luckily, the California energy fiasco prompted a rethink of overall national energy policy. In the conclusion, Mina states that the problem in California was not the idea of energy deregulation, but rather the actual measures that were implemented. Inadequate time was spent on the

creation and application of the restructuring plan. Lessons learned include the need to keep adequate power reserves, keep supply and demand in balance, improve infrastructure, connect the wholesale and research markets, maintain retail competition, examine market risks, and unify energy sectors. Mina's policy recommendations are: 1) state promotion of private sector investment in the construction of new power generators, a cooperative approach between environmentalists, industry and investors, 2) to increase the reliability of electricity and natural gas transmission and storage (state responsibility), and 3) cooperate with eastern states in forming new energy infrastructure.

Mina Safai has compiled a very useful case study on the issue of energy security. I feel that she could even get this published if she had the text properly corrected by a professional editor. I recommend an **excellent** mark.

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