Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	**Přemysl Horáček**
Advisor:	**PhDr. Tomáš Havránek, Ph.D.**
Title of the thesis:	**Price Elasticity of Electricity Demand: A Meta-Analysis**

OVERALL ASSESSMENT *(provided in English, Czech, or Slovak):*

Premysl Horacek conducts a meta-regression analysis of the price elasticity of electricity demand. He focuses on publication bias in the literature, which defines the contribution of his bachelor thesis. Publication bias is a major problem in all estimates of price elasticities in economics, because few authors dare to publish positive estimates (indicating that the commodity in question is a Giffen good): there is a clear threshold of zero which divides estimates that make sense from those that don't and about which the authors think that they result from model misspecification.

The problem is that there is no upper limit that would help us find out how large the estimate has to be to be considered similarly implausible. This asymmetry results in a bias which makes the average reported elasticity look larger (in absolute value) than it really is. When mean values reported in the literature are used for policy making (for example, to set the optimal tax), it can have serious consequences.

The author presents a competent meta-analysis using up-to-date meta-regression methods that allow him to correct the literature for publication bias. This is a standard application of meta-analysis in economics; that is, the methods the author uses are specifically designed for the examination of price elasticities. Having said that, I believe that the thesis brings substantial value added to the literature for the following reasons: 1) previous meta-analyses have not corrected for publication bias, 2) previous meta-analyses have not used modern meta-regression methods, and 3) the author has collected data from additional studies not included in previous meta-analyses. I appreciate the use of LaTeX for the typesetting of this bachelor thesis.

SUMMARY OF POINTS AWARDED *(for details, see below):*

CATEGORY	POINTS
Literature (max. 20 points)	17
Methods (max. 30 points)	28
Contribution (max. 30 points)	37
Manuscript Form (max. 20 points)	20

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TOTAL POINTS	*(max. 100 points)*	92
GRADE	**(1 – 2 – 3 – 4)**	1

NAME OF THE REFEREE: PhDr. Tomáš Havránek, Ph.D.

DATE OF EVALUATION: **August 10, 2014**

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Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong	Average	Weak
20	10	0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong	Average	Weak
30	15	0

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong	Average	Weak
30	15	0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong	Average	Weak
20	10	0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě