BOOK REVIEWS

From Edison to Enron: The Business of Power and What It Means for the Future of Electricity, by Richard Munson (Westport: Praeger, 2005) 206 pages, ISBN 0-275-98740-X.

Disguised as a history of electric power, this is another polemic for radical changes in the industry; in particular, the key is greater generation of electricity within the consuming facility. This is to be effected by adopting pet ideas for technical change that were old and uneconomic when advocated during the 1970s.

The stage-setting introductory chapter starts extolling the importance of electricity, notes that it is a huge industry, remarks on its lobbying activity, complains that it is "rickety," and foresees that a new breed of entrepreneurs is poised radically to transform the industry if the regulatory process is reformed.

The next six chapters give his version of industry history. Chapter 2 is "Early Competition," a quick examination of the roles of Edison, Westinghouse, and Tesla in establishing the electric-power industry. This is an adequate summary of a much-studied subject. It is marred by an inexplicable stress on Edison's failings, particularly in personal hygiene.

Chapter 3, "Monopolists," however, badly treats the rise of large integrated electric-power operating companies, holding companies, and federal government involvement in electric power. The treatment pays excessive attention to Samuel Insull and shows misunderstanding. Insull is used as the archetype of the creators of both consolidated and integrated operating companies such as his Commonwealth Edison and the holding companies such as Insull's Middle West Utilities. The former choice is apt, but with holding companies, Munson neglects to discuss adequately either the soundness of Insull's effort or the existence of numerous other, more successful examples.

Concentration on Insull's ventures into a holding company leads to a skewed discussion of the subject. Munson's zeal to attack the holding-company movement aggravates the problem. Insull's was but one of several holding-company empires, and several others emerged unscathed from the Great Depression. The failures by Insull and others probably were due less to imprudence than to the rise of an unprecedentedly severe financial shock. As is standard in the literature on holding companies, Munson uncritically approves the government witch hunt. It is not recognized that the inquiry only found that the accounting erred towards optimism and shifting as much income as possible to unregulated parts of the operation. No Enron-style weak ventures were concealed; the solid operating companies were essentially valued on the assumption of continued prosperity.

The situation is not helped by carelessness about detail. Munson's discussion of the twenties is at best vague about which among J. P. Morgan the company and the two J.P. Morgans who headed it is being discussed. The first J.P. Morgan died in 1913, but his son, also J.P. Morgan, took over (and died in 1943). Munson illustrates his remark about anti-business muckraking in the 1920s by Tarbell's 1904 book about Standard Oil and Upton Sinclair's *The Jungle* from 1906. Similarly, 50 years after John McGee's classic reappraisal of Standard Oil, Munson (p. 55) talks of warfare by John D. Rockefeller. Wendell Wilkie, the 1940 Republican candidate for President who died in 1944, is called "the frequent Republican presidential candidate."

More fundamentally, his treatment of holding companies is unsatisfactory. His one-paragraph overview treats without note of the difference both other integrated operating companies and holding companies. His sample of such companies is unsatisfactory. Electric Bond and Share, probably the most important, is ignored. Munson goes a step further than prior writers in treating the United Corporation. The literature presents United Corporation as the biggest holding company of them all because of all the important eastern operating companies in which it held shares. However, many prior writers left tacit that United was not established until 1929, did not manage these companies, and quickly liquidated its holdings. Munson, however, describes United as managing these companies.

The last half of the chapter is an unsatisfactory treatment of government involvement in electric power that is totally different from what he argues in Chapter 9. Munson flits among investigations of private activities, defensive measures by private companies, federal-government power ventures, and the program to subsidize rural electrification. A key part of the discussion is review of the evolution from controversy over disposal of a nitrate plant and dam at Muscle Shoals, Alabama to the creation of the Tennessee Valley Authority. He seems to view the process as a noble effort to devise a multi-purpose project. He does note in passing the eventual dominance of steam-electric generation in the Authority's activity conflicts with the earlier vision. He shows no sense that the initial concerns about giveaways and the later claims of multiple needs may have been unfounded. In Chapter 9, he turns Austrian, echoes previously derided private-utility complaints, and attacks public-power agencies and cooperatives as leading protectors of the status quo.

Among further problems is persistent confusion between accounting valuation and market value. Thus, the discussion of efforts of private interests to buy the dam and fertilizer plant accepts contentions that bids at a twentieth of book value constituted a giveaway rather than recognition that the government investment was imprudent. This shows no familiarity with the persistence of false claims by politicians of giveaways.

Chapter 4 then rushes through developments from the fifties to the eighties. This encompasses through short summaries the promotion of nuclear power, the 1965 blackout, an alleged hitting of an efficiency limit in 1967, the rise of environmentalism, the Otter Tail ruling by the U.S. Supreme Court about access to transmission, the misnamed oil embargo of 1973, Consolidated Edison's 1974 missed dividend, the Three Mile Island nuclear-plant accident, the Washington Public Power Supply System bond default, and government actions. The parts, particularly the treatment of Three Mile Island, overstate. These sketches by only reporting many problems of varying importance fail to delineate underlying deficiencies and how to deal with them. Munson's later discussions jump to solutions without showing why the historical record implies the reactions that he proposes.

Chapter 5 then is a much more satisfactory review of the passage (in 1978 and 1992) and implementation of legislation that tried to increase competition in electricity generation

The next chapter treats, again in brief and often overstated sections, stresses comprised by the Enron scandal, the California crisis, the 2003 blackout, and note of political responses.

Chapter 7 profiles an independent power producer whom Munson admires for advocacy of power plants at the consumption site.

Chapter 8 describes the "new" technologies Munson believes will move the industry into a sounder future. Stress is on technologies that usefully employ more of the energy. These are those usual ones of utilizing the waste heat from electricity generation for other needs such as for industrial processes or space heating (as Penn State has long done) and attaching a steam boilers to capture and utilize for electricity generation the waste heat of a combustion turbine. Munson throws in the other hearty perennials of more efficient lights and appliances, microturbines, wind, solar, fuel cells, biomass, coal gasification, new designs for nuclear plans, and improved storage and transmission technology.

Chapter 9 summarizes the resistance. The efforts of its power company to increase MIT's payments for backup to the power plant MIT was building and other anecdotes illustrate the barriers and how they are overcome. He then gives selective examples of how private utilities (or as he terms them, monopolies), public power (also termed monopolies and encompassing cooperatives), regulators, environmentalists, consumer organizations, modelers, and politicians oppose change. (As might be expected, the attack on modelers is gratuitous.) A key neglect here is that other private utilities vigorously advocated change because they wanted either to obtain or become independent power suppliers.

After praising the PJM pool as a model, he concludes with a list of barriers. The most important are those that in various ways thwart competition with existing utilities. He also too tersely notes the perversities of environmental regulations, particularly those that subject new plants to more stringent standards. These are basically solid conclusions. However, contrary to Munson's presumptions, the effect may only be on the identity of the supplier. The failure to adopt Munson's approach probably reflects unfavorable economics rather than defective vision. As noted, his proposals are essentially ones presented and proving uneconomic in the seventies.

Chapter 10 then presents his suggestions for the technological fixes and the institutional framework to utilize them. It turns out that, in fact, centralized generation is still needed and Munson's goal is increased reliance on new technology. He wants more competition. Instead of examining the extensive literature on electricity restructuring that the *Energy Journal* has reviewed, Munson notes a variety of competition-enhancing regulatory and privatization efforts in other industries.

Again, a dubious aside raises concerns. He notes that Warren Buffet claims that the Public Utility Holding Company Act limited his purchases of utilities beyond that of PacifiCorp. At a minimum, this ignores that the acquisition was by MidAmerica Energy Holdings, an Iowa Company previously acquired by Buffet's Berkshire Hathaway. Beyond that, this was the latest of many allowed mergers that violated the Holding Company Act prohibition of joining noncontiguous utilities (e.g., that which Insull built in Chicago with that in Philadelphia). The Act was repealed in 2005, probably after Munson completed the book.

In short, Munson comes close to reasonable conclusions that regulation throttles competition in electric power, However, his exposition, not only fails satisfactorily to justify the case, but often contradicts it. The problems of electricity are treated often in anthologies with contributions with the many able specialists in the subject. Any one of these is more helpful than Munson.

Richard L. Gordon
The Pennsylvania State University

* * *

Energy, Economics and Politics in the Caspian Region, by Maureen S. Crandall (Westport, Connecticut and London: Praeger Security International, 2006). 264 pages, halftones; tables; figures. ISBN 0-275-99130-X.

One of the reasons oil is special is because of its political dimensions. Nowhere has this been more apparent than in the context of the Caspian Region since the collapse of the Soviet Union. Oil and gas developments and perceptions of oil and gas potential surrounding the Caspian Sea have all been very strongly influenced by politics at both the global and regional level. In the early aftermath of the Soviet collapse, the region was hyped up, largely by that wonderful oxymoron the US intelligence community, as the next Middle East in waiting.

Then reality began to take hold. The reserve estimates had been grossly overstated to fit a political agenda. This to persuade America that the Caspian and its surrounds was a region key to US interests. Thus the idea was born that such resources and their disposition needed to be protected from Russian and Iranian influence. Equally, whatever the legal niceties of its status as a sea or a lake, the geographic reality was that it is lake and thus without access to the high seas. This meant the issue of export pipelines became a key constraint both in terms of politics and the cost of exporting. Moreover, perhaps less obviously, no ocean access would dramatically increase the cost of operations. Thus, rigs either had to be transported in small bits to the Caspian and reassembled or built in situ in a context where although the construction yards existed, their technology was at least 20 years out of date. Thus, the international oil companies operating there faced enormous political problems at global and local level plus growing concerns over the commerciality of their investments. Yet despite all this, optimism of the prospects for the region refused to go away. It would be the "deal of the century". It would reduce the world's dependence upon the "unstable and unpredictable" Middle East.

Gradually, a degree of realization of the true nature of the situation began to dawn. In particular, the realization that this region has the potential to make the Middle East look like a stable utopian paradise in comparison. Also, that at best, it may match the UK North-Sea volumes in terms of its contribution to world-oil supplies. Professor Crandall's excellent book is an extremely effective and timely final nail in the optimists' coffin. It is a detailed survey of the story of the Caspian since 1990 and a careful analysis of how things are at the moment and how they may develop in the future. It is a litany of doom, gloom, and disaster; and rightly so. The book is well written and extremely carefully researched with a wealth of detail. It contains much for the specialist but also has the virtue of being accessible for the lay person who just has a general interest. It also looks to have the virtue – rare in such detailed books – that its analysis will survive the rapidly changing circumstances that have already emerged in the region.

This reviewer has but two areas of concern regarding the book. The first is a minor pedantic quibble. Professor Crandall insists on referring to "resource curse" as "Dutch Disease". This is quite misleading although others are tending to make the same mistake. "Dutch Disease" is only a small subset of "resource curse". It relates very specifically to the effect of an overvalued real exchange rate on progress in the non-petroleum traded economy. Actual "resource curse" covers a much wider range of negative effects ranging from microeconomic impacts through crowding out and misplaced industrial policy to socio-political issues of governance and rentier economies. The reason the distinction matters is that curing "Dutch Disease" today is extremely easy and there can be no excuse for any government suffering an attack although some still through sheer incompetence manage to do so. By contrast, the other dimensions of "resource curse" are much more difficult to avoid and treat.

The second concern is that Professor Crandall says very little about the economic dimension to disputes over transit pipelines. She mainly emphasizes the problems likely to arise from political disputes. While these are clearly important, so too are the economic disputes that arise over transit fees, whether they be volume throughput payments or preferential offtake or both. Indeed, studies of the history of transit pipelines in the Middle East show the economic issues to be more damaging to pipeline performance than politics.[1] Of especial relevance to Professor Crandall's book is that the record of Turkey as a transit country has been abysmal in terms of behavior over trying to renegotiate terms. It holds the world record for the fastest demand for a renegotiation of a transit fee – only 30 minutes after the Iraqi line to Ceyhan had been inaugurated in January 1977! This matters because, as Professor Crandall correctly argues, Turkey is the key to the whole

1. For example, see Paul Stevens, "Pipelines or Pipe Dreams? Lessons From the History of Arab Transit Pipelines," *Middle East Journal*, Spring 2000. Pp. 224-241 and "Cross border oil and gas pipelines: Problems and prospects," ESMAP Technical Paper. UNDP/World Bank, Washington DC Pp 146. 2003.

of the Caspian transportation system under current circumstances, i.e. while Iran remains effectively off limits. Also, it remains to be seen how Georgia will behave as a transit country now that the BTC pipeline is built and operating.

The reason for the economic problem over transit fees is simple. There is no objective or fair mechanism to determine a transit fee. The fee is effectively a share of the benefits of the project for the transit country without which the project will not happen or only happen at very much higher cost. This share is a function of the size of the benefit associated with the project coupled with relative bargaining power. Both change over time. Most obviously, once the line has been built and the investment sunk, the bargaining power of the transit country increases enormously. Ray Vernon's "obsolescing bargain" of the 1960s is alive and well today. Furthermore, because of the cost structure of pipelines with their very low variable costs, the presence of the "bygones rule" means all profitability can be squeezed from a pipeline and the project more generally by the transit country before the line is forced to close for commercial reasons. Such pressures to renegotiate are even more apparent when, as has been the case, there is a dramatic rise in oil or gas prices after the transit fee has been agreed. This increases the value of the project and therefore whets the appetite of the transit country to push for more. All of these issue will be important in determining the performance of the transport system in the Caspian region and hence its speed of capacity development.

These two reservations aside, Professor Crandall has produced an excellent contribution to the literature which should be read by all interested in international oil and gas issues. She has also produced what should be a serious contribution to the policy debate in Washington. Her conclusion that the Caspian is not a vital or highly important U.S. national interest should be considered very carefully in what she describes (probably kindly) as the "muddled" U.S. policy to the region. Unfortunately, the possibility of notice being taken seems slim. History suggests that in the context of foreign policy, U.S. Administrations have had a remarkable ability to ignore completely what comes out of highly knowledgeable sources. Often in the history of policy making much valuable analysis from many informed analysts has been ignored to the serious detriment of U.S. interests.

Paul Stevens
University of Dundee

* * *

Emissions Trading Principles and Practice, second edition by T. H. Tietenberg (Washington, DC: RFF Press, 2006) 233 pages, Paperback $38.9, ISBN 1-933115-31-9.

The first edition of this book by T. H. Tietenberg was published in 1985, and since that time many interesting things have happened in the world of emissions trading. Large markets have been established to facilitate such trading in the U.S., Europe and South America, and the experience from these markets is varied and complex. Untangling and making sense of all of this is a difficult job, but it is a job which Tietenberg does exceptionally well in this exhaustive study of this topic.

In the first two chapters of the book, the author gives us the theoretical underpinnings behind the use of permits as well as the evolution of permit use in the U.S. and elsewhere. In the third chapter he then goes one step further and looks at the existing empirical evidence on the effectiveness of these programs. As he readily admits, evaluating the effectiveness of permit policies is an ongoing and very inexact process. Nevertheless it is essential if program design is to improve in the future. His analysis here is nuanced and stresses that a program's success depends, among other things, on the existing regulatory programs, the cost structure of the industries involved, the interactions with other markets, and the program design. He finds that permit trading programs have generally led to emissions reductions at lower cost. There has been, however, a wide variation in such savings from program to program, and cost cutting turns out to be very sensitive to the industry involved and the details of the particular emissions trading policy considered.

The fourth chapter examines the often vexing problems associated with *non-uniform mixing* (i.e. when air quality varies spatially over the region where the trading policy is in force). As he shows, while an ambient permit program with multiple emitters and receptors is "easily manageable from a purely theoretical point of view," there are complex problems involved when such a system is actually put into practice. Among the problems he considers is the presence of "hot spots" where pollutant concentration exceeds ambient standards at one or more points within the region. He considers the possibility of breaking the permit trading area down into a number of smaller zones as one way of coping with the problem. He then looks at a number of possible options in dealing with hot spots such as directional trading (where one zone is allowed to acquire permits from another zone but not vice versa) and presents a detailed discussion of the pros and cons of each of these schemes. The analysis here is perhaps the most complex in the book and cannot easily be summarized. Suffice it to say however, that the author is well versed in the subject and the reader leaves with an appreciation of the highly sophisticated problems facing program designers when pollution concentration varies over a large region. Chapter five looks at the temporal dimension and the issue of borrowing permits and banking permits over time. This is followed, in chapter six, by a lengthy discussion of how the initial allocation of permits affects the "cost-effectiveness" as well as "fairness" of an emissions trading program. In this discussion, Tietenberg examines the strengths and weaknesses of permit allocation based on administrative rules (such as previously existing fuel use or emissions rates), and he contrasts these to the allocation resulting from emission permit auctions. Again, the analysis is lucid and illustrated superbly by reference to the experiences of existing trading programs.

The final portion of the book deals with the topics of imperfect competition, emissions monitoring, and program enforcement. In chapter seven, the author looks at several types of market power. First, he examines the possibility that a firm or firms may use their market power in the permit market as a way of lowering the financial burden of emission permits. Then he examines how a firm or firms could use their market power in one market (i.e. the permit or output market) to gain power in the other market thereby increasing their overall profits. The analysis here is largely based on the existing theoretical literature on these subjects as well as on empirical simulations, the results of experimental studies, and implementation experience from actual operating permit markets. Using the results of these studies he suggests various program designs that could prevent such market abuse from arising. Chapter eight explores the problems of accurately monitoring emissions and effectively enforcing emission caps. Here the discussion centers on the incentives that lead to non-compliance and the development of a program which facilitates compliance in a cost effective way. The final chapter then summarizes the book's findings and points out the lessons learned from the experience of existing emissions trading programs.

Tietenberg has been a recognized expert in this field for many years and it shows. This book is well written and should become essential reading for anyone interested in studying and doing research on this subject. It has a comprehensive bibliography and gives a great overview of the subject. It is written in a balanced way which is refreshing when talking about a subject that can easily become contentious and politicized. My only quibble is that sometimes the text becomes a bit too terse and the sections on the spatial dimension and market power could benefit from a little lengthier discussion and a few more diagrams. These, however, are small objections when considering the large scope of this book which, I believe, is destined to become a classic in this area.

Roy Boyd
Professor Economics Department
Ohio University, Athens, Ohio

* * *

European Energy Law Report III, by M. Roggenkamp and U. Hammer, eds. (Antwerp-Oxford: Energy & Law Series Volume 4, Intersentia, 2006). Paperback price Euro 85/ Series price Euro 72.25 | xxx + 252 pages. ISBN 90-5095-562-2.

This is a collection of papers tied to conference presentations made at the European Energy Law Seminar of May 2005. It is the third of an annual series.

The first chapter is a polished briefing by William Webster, a European Commission official, on progress towards the long-sought internal European market in electricity and gas. Price increases in wholesale markets have raised questions about whether competition is functioning properly and have prompted the Commission to launch an investigation into the electricity and gas markets from a competition-law perspective. He summarizes the main points from the Commission's related papers, such as the 2005 benchmarking report. This includes a table on national implementation measures, which lists infringements by five countries. However, the editors have made no reference to the Commission's updated table listing enforcement actions against almost all member states published before this book was completed in April 2006.

Mr. Webster summarizes the EU Directives relating to electricity and gas security of supply, calling them a "bolt-on" to the internal-market directives. He admits that the Commission's proposal on electricity security of supply and infrastructure was "radically reduced" in the legislative process. However, he does not review the harsh criticism of the Commission's proposal at the first reading by members of the European Parliament. He does not review the weaknesses in the counterpart measure on natural gas supply security, nor does he refer to the fate of the remainder of the 2002 package of proposed measures on security of supply in petroleum products.

The opening and other chapters do not address the Community measures in place or under development to improve energy efficiency, to improve energy co-operation with non-EU neighbors, to combat climate change, to encourage a more sustainable EU energy mix, to improve Community energy statistics, or to augment research and development. Completion of a properly-functioning internal market in electricity and gas is only one plank of EU energy policy and is not necessarily the first priority, if we are to accept the views of EU's Energy Commissioner, Andris Piebalgs, as expressed in 2005. The editors have not referred to the Commission's "Green Paper" on a European strategy for sustainable, competitive, and secure energy of 8 March 2006, which indicates current directions and prospective legislative and policy instruments.

The chapter by Marc van der Woude on EU competition law describes national antitrust inquiries and specific applications of EU and national antitrust rules to the electricity and gas sectors up to June 2005. Cases such as the Commission's intervention against gas-transport contracts containing destination clauses confirm the reach of the EU rules. However, when no fines are assessed, we can wonder how robust the regime really is. The author concludes that it is too early to assess whether the modernized competition rules work properly.

Leigh Hancher's analysis of merger decisions in the European electricity and gas sectors is relatively current, covering selected decisions up to March 2006. She begins with a more general discussion covering jurisprudence on the standard of proof in EU antitrust enforcement and the policies underlying the weighing of competitive versus anti-competitive effects under traditional classifications of mergers: horizontal, vertical, and conglomerate. Readers interested in the evolving case law on the relationship between the Merger Regulation and Article 82 of the EC Treaty could gain a clearer view by reading the Commission's 2005 Report on Competition Policy instead of Professor Hancher's quick work on this subject. The core of her contribution is essentially the tale of four mergers. She describes the handling of (proposed) concentrations in the Portuguese, Hungarian, Danish, and French electricity and gas sectors. She quotes extensively (5-6 pages) from the judgment in Case T-87/05, *EdP v Commission*, available at the EU's "Curia" website. The main point of all this, beyond the display of her understanding and handling of the material, is to show the power of the competition rules in the energy sector. The Commission can and does use its powers under the Merger Regulation "to achieve a number of objectives including infrastructure unbundling and gas (or electricity) release programs." She predicts "strict" enforcement to continue. She does not offer comparisons to the structural or behavioral remedies applied by antitrust agencies in utility-merger cases outside of Europe.

Onto the national antitrust stage, Professor Gunther Kühne explains how the *Bundeskartellamt* (German Federal Cartel Office), among others, has attacked the practices of the German gas industry, including long-term supply contracts. Opening a window onto these German developments, while making clear the various legal dimensions, Professor Kühne's contribution makes for interesting reading. Among other developments, the *Bundeskartellamt* has admonished E.ON Ruhrgas and has "requested" it to end, by September 30, 2006, contracting practices seen to violate the German antitrust law. We shall see the extent to which E.ON complies with this soft approach and whether a court battle ensues.

Chapters 5 to 7 address quality regulation of electricity-distribution companies, and Chapters 8 to 10 address legal issues related to the development of liquefied natural gas (LNG). The former three chapters, constituting nearly a third of the book, are multi-disciplinary in nature, drawing on economic and regulatory theory, risk analysis, technical indices, and practical experience. Chapter 5 poses the question: Is everything under control? The authors provide a systematic review of relevant concepts and classifications, citing old and new supporting materials. They provide some practical examples of quality regulation schemes, although one might wish for a larger section on this. Not much is devoted to the experiences in the United Kingdom and Norway, both early starters in regulating for competition in electricity and quality of service. The more recent experience with quality regulation for electricity distribution in Italy and the Netherlands is covered by other regulatory experts in chapters 6 and 7, respectively. While the incongruity of Chapters 5-7 with the more "legal" chapters is evident, we can perhaps hope that the editors will continue to integrate such timely and forward-looking contributions so as to broaden the approach and potential readership of this series.

We might assume that the inclusion of three chapters on LNG reflects a growing recognition of its importance as a means of safeguarding the security of European energy supply, a long-standing objective now at the forefront of EU energy policy. However, the three legalistic contributions have a relatively narrow focus: namely, (i) short-term LNG sale and purchase agreements and *force majeure* clauses, (ii) the prospect of an exemption in the UK from network-access rules for LNG facilities, and (iii) regulated access to the re-gasification terminal for LNG in Panigaglia, Italy. The first contribution is a well-sourced analysis that is valuable for lawyers dealing with contractual issues in the LNG market. The second contribution, by Heike Trischmann, is the broadest of these chapters, covering also regulatory regimes for LNG in the US as well as European legal developments. The third contribution provides insight into the regulation of the Italian gas sector.

One of the editors, Professor Roggenkamp, contributed a piece on developments in the Netherlands, focusing on the theme of state ownership of networks. Her opening sentence repeats her erroneous assertion, made also in previous volumes of the series, that energy liberalization in the EU was initiated by the entry into force of the first Electricity Directive in 1996. This view of history is false. Various member states and Norway introduced competition well before 1996, a well-documented fact at least alluded to by William Webster in Chapter One. The earlier steps towards competition in the Dutch power sector are also well-known. Roggenkamp also states that the Netherlands has "a dependency on one single energy source", although natural gas represents less than 45% of the country's TPES (IEA, 2003 data). Better and more authoritative analyses of the liberalization and regulation of the Dutch electricity and gas sectors, encompassing the debate over ownership and unbundling, can be downloaded from the energy website of the Clingendael Institute in the Hague.

The core of Anita Rønne's contribution on Danish developments is a rather pedestrian description of a Danish law defining the duties and powers of the state-owned system operator for electricity and gas, now called Energinet.dk. This law and its background were described in the previous volume (EEL Report II), and so it is not clear why a reprise was thought necessary. The description is based on the English translation of this law, which can be found on the website of the Danish energy authority, but she does not cite this. Ms. Rønne mentions the European Commission's approval of the DONG/ELSAM/E2 merger in March 2006, but this decision was analyzed by Professor Hancher in Chapter Three. Ms. Rønne provides out-of-date citations to the basic Danish electricity law, suggesting its length (about 50 pages) is somewhat overwhelming, but she does not mention any related regulations, grid code, or license conditions. She does offer a stamp of approval on the unexplained Danish system of subsidizing renewables-based production, citing the 2001 *PreussenElektra* judgment of the European Court of Justice. However, she does not consider the possible relevance of the Court's subsequent decision in *Pearle* (C-345/02) (and other cases) or the pending proceedings against other member states in this field.

Ms. Rønne states that Denmark is at the "very forefront" of removing barriers to open competition, noting that it is one of two member states that have introduced "ownership unbundling" for gas and 1 of 9 for electricity. This is inaccurate. The European Commission's well-known 2005 benchmarking report lists ownership unbundling in gas for four member states and in electricity for 13 member states (14 if we would include the Slovak Republic). Moreover, the Commission ranks Denmark as only 1 of 6 countries receiving the highest rating (rating 6 out of 6) on gas TSO unbundling, which makes Denmark not so exceptional in this respect. Ms. Rønne asserts that "State ownership is assumed to provide neutrality and objectivity better than a private company". Her personal view cites also the relevance of state ownership in the various transmission system operators (TSOs) in Nord Pool, but she fails to mention that the Finnish TSO, Fingrid, is only 12% state-owned. Moreover, there are other examples of privately-held TSOs in electricity and gas, such as National Grid plc in the UK, that have been properly incentivized and regulated through detailed license conditions and other measures to achieve efficiency gains. Thus, it is unclear whether Ms. Rønne is simply restating the rationale of the Danish Government. She offers an odd mix of exclamatory sentences but states hesitantly that "it may be difficult to draw a final conclusion".

The final section of the book comprises two short contributions on upstream oil and gas infrastructure. The first by Halvor Musaeus covers the narrow topic of an agreement between Norway and the UK for future cross-boundary petroleum projects not covered by any existing bilateral agreements between the two countries. The author concludes that the agreement has shortcomings but may improve cooperation, and he cites the website, www.mpe.dep.no, where the agreement can be found. The last chapter describes the development and content of the UK's voluntary code of practice setting forth guidance on access negotiations regarding oil and gas infrastructure. The author, Peter Carter, is with the UK's Department of Trade and Industry, whose website contains the guidance documents. The book ends here with no concluding section.

The European Energy Law Seminar was organized throughout the 1990s by the International Institute of Energy Law (IIEL) and the Europa Institute of the University of Leiden, in cooperation with the Nordisk Institutt for Sjorett of the University of Oslo. It was usually, but not always, held at Noordwijk aan Zee on the Dutch coast. Following the discontinuation of IIEL activities in the period after 2000, this seminar was taken over in name by the current organizers, who claim this tradition as their own.

Readers of this European energy law series should be aware that it is imprinted with the perspectives of jurists and energy specialists from the North Sea countries and that it provides little sense of a larger Community of 25 member states. While claiming to cover the "most important legal developments in the field of EU and national energy law", the series has not included contributions from authors in the 10 member states that joined as of May 2004 or from the accession or candidate countries. The series has apparently overlooked the European Commission's efforts since 2002 to create a "common regulatory space" for energy throughout the European neighborhood, which extends to the Balkans, North Africa, Turkey, the Mashreq, as well as to countries east and north of the EU. Moreover, it has not yet addressed the important EU legislation adopted or agreed to by the Community institutions from 2002 to 2005 on energy efficiency or public procurement.

Buying into this series of European Energy Law Reports is akin to an annual subscription to a single-issue law review. Compared to the cost of attending the actual seminar, ordering delivery of this belated compilation is certainly a good value at a price of $100-120 or so. But on the downside, the linkage to the seminar translates into a mixed bag of topics determined by conference organizers more than a year in advance, which seems like a recipe for stale fruitcake. Unless one is seized by the matter of LNG contracts or quality of electricity regulation, one may not find this a palatable mix. Given the tentative conclusions, the gaps, the need for updating, and the availability of more direct sources, readers might well be justified in skipping this year's installment and waiting for the next in hopes of an improvement.

Eugene D. Cross
Energy Institute (Amsterdam)
cross@energyinstitute.org