

BOOK REVIEWS

The Current Economy: Electricity Markets and Techno-Economics, by Canay Özden-Schilling (Stanford University Press, 2021) 224 pages, ISBN 978-1503612273 (hardcover), ISBN 978-1503628212 (paperback), ISBN: 978-1503628229 (ebook)

The Current Economy presents an economic anthropologic analysis of neoliberal transformation in the electricity sector using the United States as a case study. As a piece of economic anthropology, the book does not include a detailed technical background or a quantitative study of economic phenomena. Rather, it merges a qualitative interpretation of electricity techno-economics with a narrative of socio-economic developments that created a neoliberal transformation in the electricity industry. The author herself explains that the book takes us to the “cultural settings” of different groups related to the electricity sector, such as technical experts, business professionals and consumer groups. She argues that those cultures “are what give electricity its markets today” (pg 4). Parallel to this, one of the most powerful aspects of the book is that it has a detailed account of ethnographic work about various groups taking place in the neoliberal transformation.

The book seeks to show “that novel economic reasonings, market-making ambition, and expertise originate in heterogeneous technological domains”. The author focuses on “work cultures” that different groups have in the electricity market. This seems apt methodologically as well, since the author has conducted much fieldwork in a perfectly planned manner. During her fieldwork, she conducted interviews with the ‘founding fathers’ of liberal electricity markets, such as Richard Schmalensee; worked at a private market consulting company in the US to learn what they sell to their customers and how they construct their databases; collaborated with a group of engineers focusing on optimisation in the supply-demand mechanisms of real time electricity markets; and spent time with founders and members of grassroots movements protesting specific electricity projects.

In the first chapter, Özden-Schilling explores the dynamics behind deregulation in the electricity industry as a techno-economic activity and seeks to shed light on the ideological history of electricity deregulation in the US. In the chapter, she shows that economics alone does not shape regulatory decision-making, but it more resembles a joint practice of economists and engineers. These technical electricity market experts are brought together with economics as a uniting language.

In the second chapter, the author joins an electricity trade consulting firm as part of her fieldwork, and demonstrates that electricity trade has evolved into a practice of constructing, maintaining, and updating databases about every aspect of electricity business, as a work culture. She also shows that although electricity has started to be represented digitally, success in the electricity trade is different from other markets, and requires sectoral experience. The chapter, in general, focuses on the representation of data in the electricity market in the context of economic anthropology. The chapter demonstrates the effects of data practice which has become more influential in managing the markets for electricity than the physics of electricity, and, as an extension of this, the change of demographics of the workforce in electricity markets.

The next chapter observes a group of engineers establishing a finer balance between supply and demand in real time electricity markets by understanding the psychology of and trying to model consumer behavior in order to shed light on what load of electricity should be generated at what time. One of Özden-Schilling’s most significant findings is that the optimisation engineers create market-like models, not because of their ideological commitment to neoliberalism, but “as a function of the optimization toolkit” (p. 97). With this toolkit, electricity markets can be created as professional, apolitical, and mathematical models. For optimisers, thus, the grid is where economic relations happen and where revolutionising everyday life would begin.

In the fourth chapter, the author examines two activist groups in the US that have protested some big electricity projects affecting their localities. The first group, StopPATH, protested a 765 kV transmission line from St. Albans, West Virginia to Maryland because it would cut through their neighbourhood in Shepherdstown, West Virginia, and it would carry cheap and dirty coal-based electricity. They also rejected the project because they felt excluded from the decision-making procedures. The second group is Block RICL, a movement against the Rock Island Clean Line transmission line. This proposed 500-mile line would bring electricity from wind power plants in northeast Iowa to the Chicago area. Local residents thought it could be a financial investment for acquiring rights-of-way that could be transferred to oil pipeline companies later, and rejected it. The author found that these movements mobilized an anti-market critique against the operations of infrastructures without being anti-capitalistic or having a grander challenge to the organising ideas of political economic systems.

It is very hard to criticise the book in terms of its excellent structure and perfect fieldwork. However, its major shortcoming is that it does not mention the drivers of change in electricity markets adequately. In the introduction and first chapter, the author touches upon how the electricity liberalisation idea emerged in the US in a narrative way; however, why it emerged and what created the need for liberalising electricity markets is not given. As a study of economic anthropology, it is natural for the book not to utilise a comprehensive international political economy perspective; yet, it is still necessary to integrate at least a brief account of international political economy into the study. Such an account would present a better understanding of the neoliberal transformation of electricity markets, which started in different parts of the world almost synchronously. Without knowing the main drivers of liberalisation, the book deals only with the end results of electricity liberalisation; but not the why.

Another weakness in the book is that it says that nobody in the US knew about electricity liberalisation endeavours in Chile, until the Chilean authorities needed Ignacio Pérez-Arriaga's help in 1988. Since the related international political economy literature deems Chile as the first 'laboratory' of neoliberalism for a series of reasons, it is very hard to think that policy-makers in the US, the principal actor of global neoliberal electricity transformation, were unaware of experiences in Chile. Furthermore, the leading figures in neoliberal transformation in Chile were 'Chicago boys,' who were trained at the University of Chicago. There is no reason to think that the Chicago boys in Chile were not communicating with their professors in the US or with their friends around the world, who were a part of the same epistemic community.

Nevertheless, despite these two weaknesses, the book is a fundamental contribution to the field, and its systematic structure can be applied to the other countries as well. It would be interesting to read similar studies focusing on developing countries such as Turkey, or on developed countries that have a more publicly-owned electricity sector, such as France.

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Changes in European Energy Markets: What the Evidence Tells Us? by Felicetta Iovinno and Nicholas Tsitsianis (Emerald Publishing Limited, 2020), 192 pages, ISBN 978-1-83909-110-0 (paperback), ISBN 978-1-83909-107-0 (online), 978-1-83909-109-4 (ebook)

One again since the liberalisation of the energy markets in the 1990s, the European energy market is on the verge of another major transformation, and this is taking place at a fast pace. The focus of the policies towards the sector has, on balance, gradually shifted from seeking efficiency improvement towards sustainability priorities. This change has recently been strengthened further with a focus on decarbonisation of the energy sector by 2050 and green transition of the economy.

The pursuit of the sustainability objectives will require many new technologies, policies, and regulatory frameworks. In the coming years, there will be a need for many books on the new energy sector about to evolve.

The title of the present book can lead a reader to believe that it is indeed about the current and challenges of the European energy markets. However, a closer inspection reveals that, in the light of the recent developments in the electricity market, the book appears backward looking at changes that soon will belong to the recent past. In this regard, the timing is perhaps a shortcoming of the book.

This book is relatively short and is made up of five chapters with less than 170 pages of text. The structure of the book and the sequence of the chapters appear somewhat unusual. The reviews of the individual chapters in the following will point this out. It suffices here to mention that it reminds us of a collection of papers or a thesis that has not been sufficiently adapted to book format. Most of the chapters contain footnotes that imply that some parts of them are, while being the result of collaborative work, can be attributed to one of the authors of the book. This is fine, but it would be helpful to name the co-authors of these collaborative works. The book is not predominantly focused on the wider European energy markets as the title suggests with Chapter 1 being the main exception.

Chapter 1 presents an informative overview of the liberalisation process of the European energy sectors. It reviews the generic power sector reform model in detail. The coverage of the four EU directives concerning the energy markets in this chapter will be rather useful for readers who look for accessible summaries of the directives and the gradual development of the policies towards energy markets in the European Union. The chapter then proceeds to present the energy market reforms in some key EU countries, i.e. the UK, Germany, France, and Spain. The chapter continues to discuss the European retail gas and electricity markets and then discusses the features of the energy companies. These discussions are in a descriptive style and use a number of graphs using data from EUROSTAT.

Chapter 2 is devoted to a more detailed and informative coverage of the Italian energy sectors. This is, however, somewhat unexpected given the European level perspective of the book and that Italy was not discussed along the main countries reviewed in Chapter 1. Given the European focus of the book, it does not provide reasons for assigning a whole chapter to one country among the 27 member states. The chapter will nevertheless be informative for readers interested in the liberalisation of the Italian energy sector as it has been an active and innovative reform country and has interesting features.

Chapter 3 is entitled “Methodology of the Research”. It appears as an odd component of the book as it essentially reads like a general text on research methodology. Hardly any attempt has been made to relate the chapter to the subject matter of the book. It does not specify what research or subject this methodology chapter pertains to and the preceding chapters have not prepared the reader to expect a chapter such as this. If the reader is interested in a general text on social science research methodology, they can read this chapter although this is not where most readers would normally look for a research methodology text.

Chapter 4 is dedicated to a literature review on the financial performance of energy companies. A number of good and relevant studies are reviewed and analysed in this chapter. However, finding a chapter containing a literature review in this part of the book, and so close to the end, is rather unexpected. Such a chapter could have conveniently been placed earlier and before the methodology chapter as is commonly done in academic papers.

Chapter 5 presents an empirical analysis of the financial performance of Italian electricity and gas companies. The analysis is mainly based on financial information of the companies and is more in the form of accounting and financial analysis using 46 figures rather than an economic approach to performance analysis. With this chapter the book is then brought to an abrupt end without providing a concluding chapter that summarise the insights gained from the book.

In sum, this book presents a descriptive and light analysis approach to the European energy sector. The book may appeal to some readers, but perhaps quite less so to a specialist economist readership. Also, as mentioned earlier, the book is somewhat backward looking in the coverage of the European energy markets. The structure and chapter composition of the book is not very strong and the links between them do not appear to be evident. However, the current and future state of these markets will still be linked to the recent history of the European energy sector liberalisation, and it is thus important and useful to remember and understand their origins. This book is also a helpful reminder to energy economists that accounting and financial analysis can be better integrated into their research than is currently the case.

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