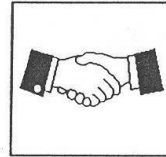


*American University of Armenia
College of Engineering
Seminar Series*



**PRIORITY SERVICE FOR
ELECTRIC POWER**

by

Professor Shmuel Oren

Department of Industrial Engineering and Operational Research,
University of California, Berkeley

Visiting Professor, AUA

Date: Tuesday June 9

Time: 3:30 - 5:00 p.m.

Place: Small auditorium

Abstract

Priority service offers electricity customers the opportunity to trade off cost against service reliability by offering them a menu of reliability options at different prices. Innovations in metering a control technology enable such product differentiation in the supply of electricity and nearly all electric utilities in the US and Europe offer some form of priority service options, at least to their industrial customers. It is demonstrated that a properly designed menu of service options and prices can be Pareto superior to the traditional approach of random rationing through rotating outages in case of electricity shortfall, i.e., every customer can be made better off. Furthermore, this approach reduces the social cost of outages and can defer or reduce the need for generation capacity expansion.

About the author

Shmuel Oren is Professor and Chairman in the Industrial Engineering and operations research department at the University of California at Berkeley. He holds a Ph.D. in Engineering Economic Systems from Stanford University. His current research interests are Electric Utility planning, Pricing Policies and Coordination theory. He is a consultant to various Electric Utilities and to the Electric Power Research Institute in the US.

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Refreshments will be served after the seminar