

Valuing Impacts in Monopolized Markets



Program provides q' , sold at market price

$D - q' = \text{Residual demand}$

$$\Delta GS = P_2^m \cdot q'$$

$$\Delta CS = (P_1^m - P_2^m) \cdot Q_1^m + \frac{1}{2}(P_1^m - P_2^m)(Q_2^m + q' - Q_1^m)$$

$$\Delta PS = (P_1^m - MC) \cdot Q_1^m - (P_2^m - MC)Q_2^m$$

 = DWL