

# Dongchen He

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## Research Interests

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Energy Economics & Policy  
Microeconomic Theory  
Asset Pricing

## References

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<b>Professor Bert Willems</b> Department of Economics Université catholique de Louvain Email: bert.willems@uclouvain.be	<b>Dr. Ronald Huisman</b> Department of Business Erasmus University Rotterdam Email: rhuisman@ese.eur.nl	<b>Available upon request</b>
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## Education

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<b>Tilburg University, Tilburg, Netherlands</b> <i>Ph.D. in Economics</i>	Expected 2025
<b>Tilburg University, Tilburg, Netherlands</b> <i>Master in Economics, summa cum laude</i>	2021
<b>Renmin University of China, Beijing, China</b> <i>Master in Finance</i>	2019
<b>Central University of Finance and Economics, Beijing, China</b> <i>Master in Economics</i>	2016

## Job Market Paper

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**Unveiling the Winners and Losers: The Distributive Impacts of Net Metering Policies**

Abstract: Forthcoming

## Working Papers

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**Flexibility in Power System: Market Design Matters** (*with Bert Willems*)

Abstract: The growing share of renewable energy requires sufficient investment in power system flexibility. In this paper, we frame a three-stage peak-load pricing model consisting of investment, commitment, and production, considering that electricity generation is costly to adjust on short notice. The results

demonstrate the importance of increasing time granularity in electricity markets with efficient state-contingent prices. Adapting the idea of real options theory that waiting is valuable, flexible firms avoid producing in the low-demand state and earn a premium to recoup investment costs. On top of that, this paper discusses the efficiency of alternative market designs in the investment of flexible assets. In the absence of an efficient real-time market, day-ahead forward price results in under-investment in flexible technologies and over-investment in inflexible ones. This distortion, in theory, can be corrected by a time-varying options market with technology-specific payment while any centralized auction fails to achieve optimum. Finally, this work briefly illustrates the effect of demand flexibility, showing that an increase in demand response does not necessarily reduce the reliance on production flexibility if rationing is done randomly.

## Papers in Progress

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**Electricity Forward Premium: Renewable Integration and Skewness Preference** (*with Ronald Huisman & Bert Willems*)

*Abstract:* This paper presents new components that explain the risk premium priced in electricity forward and futures contracts. These components relate to the inclusion of renewable power sources in electricity markets. We build upon the equilibrium pricing model presented by Bessembinder and Lemmon (2002), which comes from a time wherein intermittent renewable power supply was negligible. We extend their framework by including intermittent supply from zero marginal costs renewable power sources such as wind and solar and by assuming that agents consider mean-variance-skewness preferences instead of mean-variance only. Beyond variance and skewness of wholesale spot prices as components found before, we show that components that relate to the covariance and coskewness between renewable supply and spot prices explain the power forward risk premium as well. We find empirical evidence that these new components are statistically significant and improve the explanatory power of empirical regressions. Our results suggest the importance of considering the asymmetry of renewable supply shocks in explaining electricity forward premiums.

## Conferences & Seminars

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Engineering Energy Summer School by Frank Wolak (Stanford), <i>Stockholm</i>	June 2024
Canadian Economics Association 58th Annual Meetings, <i>Online</i>	May 2024
Conference on Climate and Energy Finance, <i>Hannover</i>	Nov 2023
Energy Workshop, <i>Toulouse</i>	Oct 2023
EEA-ESEM 2023, <i>Barcelona</i>	Aug 2023
CEEM Ph.D. Conference, <i>Paris</i>	Apr 2023
Young Energy Economists and Engineers Seminar, <i>Cobbenhagen</i>	Sep 2022
Energy Market Winter School, <i>Oppdal</i>	Feb 2022
Energy Transition Empiric Workshop by Mar Reguant (Northwestern), <i>Online</i>	Aug 2021
6th AIEE Energy Symposium: Current and Future Challenges to Energy Security, <i>Online</i>	Dec 2021

## Teaching Experience

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Contract Theory, Graduate level, <i>Tilburg university</i>	2024
Information Economics, Bachelor level, <i>Tilburg university</i>	2023-2024
Game Theory, Graduate level, <i>Tilburg university</i>	2020-2023
Intermediate Economics, Bachelor level, <i>Tilburg university</i>	2022
Microeconomics 1, Bachelor level, <i>Tilburg university</i>	2021
Advanced Microeconomics, Graduate level, <i>Renmin University of China</i>	2017

## Research Experience

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Research Assistant, <i>Renmin University, China</i> ,	2017
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## Internship

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Agriculture Industry Research Analyst, <i>Tian Feng Securities, Beijing,</i>	2017
Credit Department Winter Analyst, <i>Industrial and Commercial Bank of China, Beijing,</i>	2015

## Awards & Grants

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Jenny Ligthart Prize, <i>Tilburg University</i>	2022
Koopmans Scholarship, <i>Tilburg University</i>	2019-2021
Academic Scholarship, <i>Renmin University of China</i>	2016-2018
College Academic Scholarship, <i>Central University of Finance and China</i>	2014-2015
Outstanding Volunteer, <i>Star Volunteer Association</i>	2014
Second Prize, <i>Students' Platform for Innovation and Entrepreneurship Training Program</i>	2014

## Social Work

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Accommodation Administration and Counseling Center of Renmin University of China	2018-2019
Start Volunteer Association, <i>Volunteer to teach children from poor households</i>	2012-2013

## Software Skills

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- Matlab, LaTeX, Stata, Python