

### 3.5 Peak Load Pricing - Informal

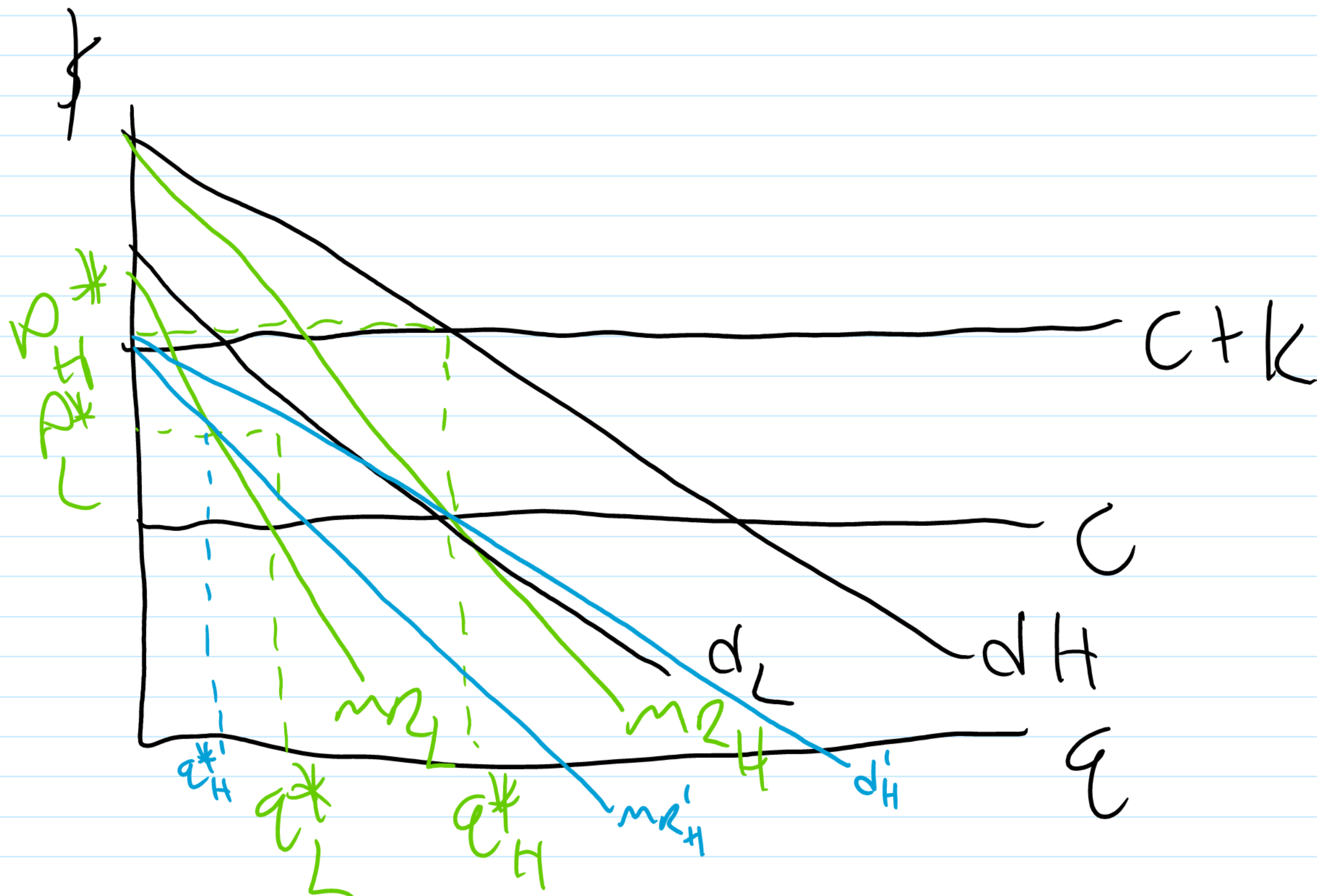
Sunday, January 24, 2021

3:18 PM

$$C(q) = (c+k)q$$

$\hookrightarrow k = \text{cap cost}$   
 $\hookrightarrow c = \text{var cost}$

$$C(q) = cq \Rightarrow q < \text{capacity}$$



$$mr_H = c+k$$

$$mr_L = c$$

"Shifting Peak" to adjust demand