



UNIVERSITY OF ALBERTA  
ALBERTA SCHOOL OF BUSINESS

# **BUEC 311: Business Economics, Organization and Management**

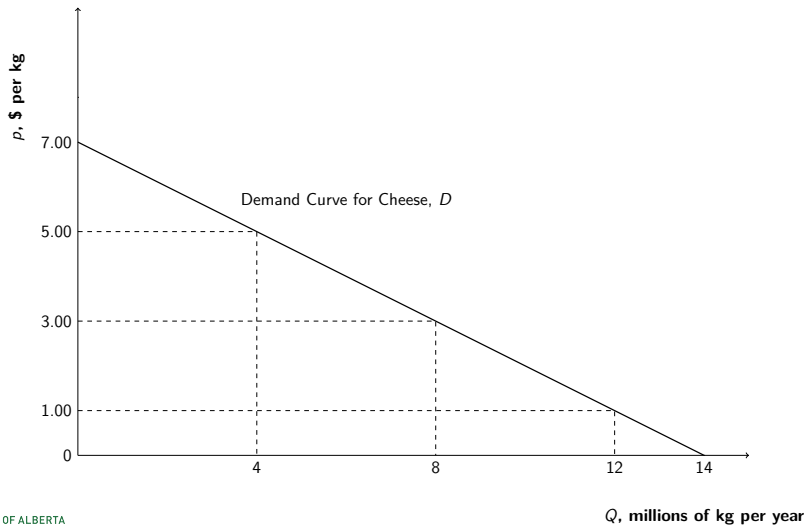
## **Supply and Demand Basics**

### **Week 1 Slide Pack**

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# The Demand Curve



# Why should electricity interest you?

## Price volatility:

- Electricity prices are an order of magnitude more volatile than oil or gas prices
- Both supply and demand in Alberta affect us more than global or regional supplies and demands in oil and gas markets

## New technology:

- Electricity is, arguably, changing faster than any other energy market

## Economics 101 in action

- Nowhere else will you see supply and demand curves actually mapped out in real time determining prices as clearly as in Alberta's power market

# Test 2

- Economics as a tool for decision making
  - Are businesses only interested in profit?
  - What do economists mean by profit?
- All economic models are wrong
  - Are economic models still useful?
  - Why we make simplifying assumptions
  - How models allow you to the theories and draw conclusions
- Micro vs macro vs managerial economics

## TikZ 2

