

TABLE OF CONTENTS

EXECUTIVE SUMMARY AND POLICY RECOMMENDATIONS 11

INTRODUCTION.....27

CHAPTER 1

STATUS AND TRENDS IN POWER GENERATION.....33

OECD Europe at Multiple Crossroads..... 39
 OECD North America Shifts Focus Away From Natural Gas 55
 OECD Pacific Tests Roles of Governments and Markets..... 64

CHAPTER 2

**DIVERSIFICATION FOR EFFICIENCY,
 RELIABILITY AND THE ENVIRONMENT.....73**

Costs and Merits are Balanced Best in a Level Playing Field 74
 Diversification Needed to Secure Efficiency and Reliability 96
 What About Wind Power and Intermittency?..... 104

CHAPTER 3

**RISK MANAGEMENT
 IN A NEW INVESTMENT PARADIGM 113**

Competition Works for Efficient Investments 115
 Risk Management in Competitive Markets 133
 Capacity Measures are the Last Resort 148

CHAPTER 4

**ENABLING INVESTMENT THROUGH POLICY CLARITY
 AND REGULATORY EFFICIENCY..... 171**

Establishing an Effective Regulatory Framework 172
 Addressing Public Concerns in Power Plant Licensing 179
 Facilitating the Nuclear Option 185

REFERENCES 199