

4.10 Consider a pool market for electrical energy that is supplied by two generating companies whose cost functions are:

$$C_A = 36 \cdot P_A [\$/h]$$

$$C_B = 31 \cdot P_B [\$/h]$$

The inverse demand curve for this market is estimated to be:

$$\pi = 120 - D [\$/MWh]$$

Assuming a Cournot model of competition, use a payoff table to calculate the Nash equilibrium point(s) of this market (price, quantity, production and profit of each firm). We assume P_A max and P_B max equal to 35 MW.

Each cell contains four pieces of information arranged in the following format:

D	Ω_A
Ω_B	π

Where:

π : price [\$/MWh]; D: demand [MWh]; Ω_A : profit made by firm A [\$]; Ω_B : profit made by firm B [\$]

	5	10	15	20	25	30	35
5	D Ω_A Ω_B π						
10							
15							
20							
25							
30							
35							

4.11 Write and solve the optimality for problem 4.10.