

## How the Market and Supply Work

**As the market price (including the cost of conversion) increases, the optimal quantity of electricity to produce is decreased.** (The alternative is that the supply would only be able to produce the amount of output in the long run.)

It would be more accurate to have included the fact that supply is a curve that increases from zero.

1. As the price of electricity will be increased by the other 1000 units, there have to be a greater amount of production, then necessary, otherwise the market will be in a state of disequilibrium.

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As the price of electricity increases, then supply will increase. The supply curve will be a downward-sloping curve. The "supply curve" will be a curve that is downward-sloping. The supply curve will be a curve that is downward-sloping. The supply curve will be a curve that is downward-sloping.

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