EUCI Presents a Conference on:

‘SMART’ CAPACITY MARKETS
CHALLENGES, CURRENT ISSUES, AND REFORMS

November 9 - 10, 2009 • The McPherson Building • Washington, DC

Marketing Sponsors:

SmartGridToday.com
The worldwide daily journal of the modern utility industry.

RestructuringToday.com
Chroning efforts to open competitive wholesale and retail energy markets.

EUCI is authorized by IACET to offer 1.2 CEUs for this program.

This course has been approved for 14.5 CPEs.
OVERVIEW

This conference provides energy and power industry professionals, as well as market participants, an expert forum to discuss critical issues and challenges pertaining to capacity markets and their affect on resource adequacy. Specific topics to be explored include load forecasts, demand response and price-responsive demand, scarcity pricing, local capacity requirements, capacity market design, and generation, transmission, demand-response and energy efficiency as capacity resources. Special attention will be paid to how emerging regulatory and industry emphases on demand management, price-responsive demand, renewable energy, and the smart grid will affect resource adequacy planning and the design, operation, and performance of capacity markets.

LEARNING OUTCOMES

- Review cross-RTO assessment of current approaches and issues
- Identify who’s building what and how — and what more they need — given slack capacity and slow load growth
- Evaluate the impact on capacity markets of:
  - Demand response as a capacity resource
  - Energy efficiency as a capacity resource
  - Large increases in intermittent resources such as wind
  - Scarcity pricing and operating reserve demand curves
  - Increasingly price-responsive demand
- Assess how markets are evolving from demand response (“second generation”) to price responsive demand (“third generation”)
- Examine the impacts on peak load forecasts of recession, higher energy prices, energy efficiency and price-responsive demand and what that means to the bottom line
- Analyze current approaches to calculating reserve margins and capacity requirements and their practical implications
- Compare approaches to ensuring local resource adequacy (transmission constrained sub-regions) Evaluate the pros and cons of imposing forward capacity obligations years in advance, and how the new PJM and ISO-NE approaches will change things
- Discuss the appropriate role(s) of state regulatory commissions in capacity markets
- Contrast combustion turbines vs. option values for capturing capacity needs
- Identify how capacity markets need to change to accommodate smart grid developments

WHO SHOULD ATTEND

Representative Organizations
- Energy Service Companies (ESCOs)
- Independent Power Producers (IPPs)
- Load-Serving Entities (LSEs)
- Merchant Power Ventures
- Wholesale Trading Companies
- Power Marketers
- Transmission Providers
- Smart Grid Resource Providers
- Demand Response Providers/Aggregators
- Large Energy Customers
- Consumer Advocates
- Regulatory Counsel
- State Regulatory Staff

Department Areas
- Financial Marketers
- Contract Administrators and Analysts
- Power Trading
- Power Supply Analyst
- Energy Management
- Revenue Assurance
- Energy Operations and Supply
- Retail Load Supply
- Structured Power
- Portfolio Management
- Bulk Power
- Generation Bidding
- Scheduling
- Asset Management
- Marketing and Business Development
- Energy Finance and Analysis
- Energy Reporting
- Confirmation Administration
- Commodities Management
- Procurement Management
- Energy Accounting
- Wholesale Power and Fuel Accounting
- Settlements
- Regulatory Reporting

IACET

EUCI has been approved as an Authorized Provider by the International Association for Continuing Education and Training (IACET), 1760 Old Meadow Road, Suite 500, McLean, VA 22102. In obtaining this approval, EUCI has demonstrated that it complies with the ANSI/IACET Standards which are widely recognized as standards of good practice internationally.

As a result of their Authorized Provider membership status, EUCI is authorized to offer IACET CEUs for its programs that qualify under the ANSI/IACET Standards.

EUCI is authorized by IACET to offer 1.2 CEUs for this course.

Instructional Methods
Case Studies and PowerPoint Presentations will be used in this course.

Requirements for Successful Completion of Program
Participants must sign in/out each day and be in attendance for it’s the entirety of the conference to be eligible for continuing education credit.
PROGRAM AGENDA

MONDAY, NOVEMBER 9, 2009

7:30 – 8:00 a.m.  Registration and Continental Breakfast

8:00 – 9:45 a.m.  SESSION I: Most Challenging Resource Planning and Capacity Market Issues Confronting Each RTO/ISO

RTO/ISO Updates and Current Issues
This session will involve updates on recent performance and current issues pertaining to resource adequacy planning and capacity markets. Topics may include recent capacity market results and resource mix, load forecasting, reserve requirements, local adequacy, and evolution of capacity market and resource adequacy designs. Special emphasis will be placed on emerging challenges.

- Udi Helman, Principal – Markets & Infrastructure Division, CAISO
- Mark Karl, Senior Director – Resource Adequacy, ISO-NE
- Susan Kenney, Senior Engineer – Capacity Markets, PJM
- Robert Pike, Director of Market Design, NYISO
- Mike Robinson, Senior Manager – Market Development, MISO

9:45 – 10:00 a.m.  Morning Break

10:00 a.m. – 12:15 p.m.  SESSION I: Most Challenging Resource Adequacy and Capacity Market Issues Confronting Each RTO/ISO (continued)

Market Participant Perspectives: Success In Hard Times?
Speakers will describe how they have overcome the challenges of the current circumstances, whether now is the time to reform capacity markets given slack capacity or slow growth, and what they need from RTOs/ISOs, state, and federal regulators to be able to move forward with future projects.

- Jason Barker, Vice President of Energy Policy, Constellation Energy Group
- Brian Theaker, Director of Regulatory Relations, Dynegy
- Stephen Wemple, Vice President of Regulatory Compliance, ConEd Shared Services
- Don Sipe, Partner, PretiFlaherty
- Doug Egan, Chairman & CEO, Competitive Power Ventures

Cross-RTO Survey of What’s Working and What’s Not
This session will highlight insights gained from projects completed on behalf of PJM, ISO-NE, and NYISO evaluating their capacity market designs and auction results. The discussion will cover both the accomplishments and the key design challenges regarding forward market structure, demand response, locational resource adequacy, market mitigation, demand curves and capacity needs as more renewables come on line.

- Dr. Sam Newell, Principal, The Brattle Group
- Attila Hajos, Associate, The Brattle Group

CPE CREDITS

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Upon successful completion of this event, program participants interested in receiving CPE credits will receive a certificate of completion.

Course CPE Credits: 14.5
There is no prerequisite for this conference.

Program Level: Intermediate

Delivery Method: Group-Live

Advanced Preparation: None
PROGRAM AGENDA

MONDAY, NOVEMBER 9, 2009 (CONTINUED)

Panel Discussion: Models vs. Practice
- Are capacity markets working?
- Is the missing money issue being resolved?
- Are capacity markets constrained by rates or design?
  – Nancy Bagot, Vice President of Regulatory Policy, EPSA
  – Randall Speck, Partner, Kaye Scholer LLP
  – Allen Freifeld, Senior Vice President – Operations, Viridity Energy
  – Jason Barker, Vice President – Energy Policy, Constellation Energy Group

12:15 – 1:30 p.m. Group Luncheon

The Role of State Regulatory Commissions in Capacity Markets
This roundtable discussion will provide multiple perspectives on what role(s) that state regulatory commissions can play in addressing resource adequacy and reliability issues that drive the operation of capacity markets.
  – Joe Bowring, PJM Market Monitor and President, Monitoring Analytics
  – Hon. Garry Brown, Chairman, New York Public Service Commission
  – Hon. Kevin DelGabbo, Chairman, Connecticut Dept. of Public Utility Control (invited)
  – Samuel Wolfe, Chief Counsel, NJ Board of Public Utilities

1:30 – 3:15 p.m. SESSION II: Addressing New Types of Resources

Bidding Into Markets: Demand Response and Energy Efficiency as Capacity Resources
This session will examine the incorporation of demand response resources into the supply stack, and the effects this produces on:
- The competitiveness of markets
- The efficiency of markets
- The price impact for customers
- The revenue picture for load-serving entities
- The full participation by DR and supply side

  – Mike Robinson, Senior Manager, Market Development, MISO
  – Farrokh Rahimi, Vice President – Market Design & Consulting, OATI
  – Robert A. Weishaar, Jr., Member and Head – Washington, D.C. office, McNees Wallace & Nurick LLC
  – Allen Freifeld, Senior Vice President – Operations, Viridity Energy
  – Hon. Garry Brown, Chairman, New York Public Service Commission

Differing Perspectives:
This session will examine the desirability of both dispatchable and price responsive demand response in various settings, as well as costs. Apples-to-apples comparisons are needed as markets move from the “second generation” to the “third generation” of demand response. How long will this transition take and how can price response contribute to resource adequacy and operating reserves? What are the implications for markets, renewables and consumers as more is expected from response to pricing signals?
  – Gary Newell, Partner, Thompson Coburn
  – Mary Ann Piette, Environmental Energy Tech, Lawrence Berkeley National Laboratory (invited)
  – Dr. Eric C. Woychik, Vice President – Regulatory Affairs, Comverge, Inc.
PROGRAM AGENDA

MONDAY, NOVEMBER 9, 2009 (CONTINUED)

3:00 – 3:20 p.m.  Networking Break

3:20 – 5:30 p.m.  SESSION II: Addressing New Types of Resources (continued)
Intermittent Resources and Their Impact on Resource Planning
This session will consider how capacity markets should address many of the pressing issues associated with reliably supporting renewable resources:
• Forecasting: What improvements are necessary?
• How much new dispatchable capacity is needed and when?
• Where will new dispatchable capacity come from?
• What is the market capacity absorption potential?
• What is ramping capacity availability (timing and volume)?
• Administrative pricing remedies and dispatch signals
• Modeling resource scenarios
• Evaluating the economics
• Market pricing dynamics

– Timothy Mount, Professor of Applied Economics and Management, Cornell University
– Rob Pike, Director of Market Design, NYISO

Approaches to Local Resource Adequacy (Transmission Constrained Sub-Regions)
The application of resource adequacy criteria to constrained sub-regions influences the cost to consumers in the short-term through higher capacity prices and costs. This discussion will examine the effect on markets and consumers over the longer term, and the impact that excess capacity has on prices in shorter-term markets for energy and ancillary services. Could solving this dilemma loosen the knot in transmission constrained areas and improve the development of truly competitive electricity markets?

– Moderator: James Wilson, Principal, LECG
– Stephen Wemple, Vice President of Regulatory Compliance, ConEd Shared Services
– Samuel Wolfe, Chief Counsel, NJ Board of Public Utilities
PROGRAM AGENDA

TUESDAY, NOVEMBER 10, 2009

7:30 – 8:00 a.m.  Continental Breakfast

8:00 – 10:00 a.m.  SESSION III: Evolving Approaches to Resource Adequacy and Capacity Markets
Combustion Turbine vs. Option Value to Capture Capacity Needs
- Combustion turbine vs. option value to reflect dispatchable capacity
- Capacity value from an utility perspective
- Option value for demand response and specific resources
- Case study: commercial/industrial demand response
  - Allen Dennis, Director – Products and Services, KCPL
  - Bernard Neenan, Technical Executive, Electric Power Research Institute (EPRI)
  - Osman Sezgen, Demand Response, PG&E
  - Dr. Eric Woychik, Vice President – Regulatory Affairs, Comverge

Pros and Cons of Forward Market Obligations
This session tackles one of the most vexing aspects of how electricity markets strive to address the procurement of capacity years ahead. Short-term capacity commitments fail to represent long-run marginal costs. Most markets incorporating forward markets have been through multiple iterations in search of a better solution. PJM and ISO-NE are about to embark on another round of RPM and FCM designs; how will the new versions be improved over the old versions, and what will be the market consequences?
  - Joe Bowring, PJM Market Monitor and President, Monitoring Analytics
  - Susan Kelly, Vice President of Policy Analysis and General Counsel, APPA
  - Robert A. Weishaar, Jr., Member and Head – Washington, D.C. office, McNees Wallace & Nurick LLC

10:00 – 10:15 a.m.  Morning Break

10:15 a.m. – 12:30 p.m.  SESSION III: Evolving Approaches to Resource Adequacy and Capacity Markets (continued)
Scarcity Pricing and Its Impact on Resource Adequacy
Distinguishing true from artificial scarcity is essential to the operation of capacity pricing mechanisms. Yet, lack of transparent, real-time pricing inhibits the successful functioning of this concept in multiple markets. This, in turn, distorts resource adequacy and operating reserve requirements, triggering endless debate over the effectiveness of the markets in stimulating adequate available and future power availability. This session will examine whether scarcity pricing mechanisms undermine the very objectives they seek — or hold the answer for “getting it straight” — and the alternatives.
  - Mark Younger, Vice President, Slater Consulting
  - Jason Barker, Vice President of Energy Policy, Constellation Energy Group
  - Roy Shanker, President, Shanker Consulting
Panel Discussion: Market Administrators, Participants and Architects — Identifying and Prioritizing Future Capacity Market Enhancements

This session will look forward into the crystal ball of how market designs will need to ‘morph in the future to accommodate such issues as:

- Should capacity markets be market-based or emergency-based?
- If markets are improved can resource planning be used less?
- What will be the ultimate impacts of demand response measures and renewable energy on capacity markets?
- Should multi-stage markets or staged investment horizons be incorporated into market designs?
- Where will new dispatchable capacity come from to serve variable energy resources if new coal and gas plant construction is stymied?
- What impact will elements of the ‘smart grid’ have on capacity market reforms?
- Should markets accommodate multiple investment lead times for different resources?
- Should retail customers be aggregated into community energy systems (e.g. a muni) and treated as a single large customer by the TSO that then pays for both the energy purchased from the grid and a capacity payment on the maximum aggregate load?
- Should resource adequacy standards continue to procure high reserve margins in light of a “smarter” grid, or should they flex with technologies that reduce reliability threats?

- Richard O’Neil, Chief Economic Advisor and Director of FERC’s Office of Economic Policy
- Mark Karl, Senior Director - Resource Adequacy, ISO-NE
- Randall Speck, Partner, Kaye Scholer
- Timothy Mount, Professor of Applied Economics and Management, Cornell University
- Dr. Sam Newell, Principal, The Brattle Group
- James Wilson, Principal, LECG

12:30 p.m.  Conference Adjourns

HOTELS IN THE AREA

Sofitel Hotel
Lafayette Square
806 15th St NW,
Washington, DC
(202) 730-8800
.1 mile

The Hay-Adams Hotel
800 16th Street, NW,
Washington, DC
(800) 853-6807
.2 mile

Crowne Plaza Washington DC
1001 14th St NW,
Washington, DC
(202) 682-0111
.1 mile

Loews Hotels-Madison
1177 15th St NW,
Washington, DC
(800) 424-8577
.3 mile

Hilton Garden Inn
Washington DC Downtown
815 14th Street NW,
Washington, DC
(202) 783-7800
.1 mile

Donovan House Hotel
1155 14th St NW,
Washington, DC
(202) 737-1200
.3 mile

The Capital Hilton
1001 16th Street NW,
Washington, DC
(202) 393-1000
.2 mile
A copy of the conference proceedings will be distributed to attendees at the event. If you are unable to attend or would like to purchase additional copies, flash drives are available 2 weeks after the conference is complete. The cost per Flash Drive is US$295 [add US$50 for international shipments]. Flash Drives include visual presentations only. Upon receipt of order and payment the Flash Drive will be shipped to you. NOTE: All presentation flash drive sales are final and are non-refundable.

CONFERENCE LOCATION
The McPherson Building
901 Fifteenth Street, NW
Washington, DC 20005-2327

Hotels in the area listed on page 6.

REGISTRATION INFORMATION

REMEMBER, EVERY 4TH REGISTRANT IS FREE
For instant registration, call (303) 770.8800 or fax the Registration Form to (303) 741.0849.

Register 3, Send 4th Free!
Any organization wishing to send multiple attendees to these conferences may send 1 FREE for every 3 delegates registered. Please note that all registrations must be made at the same time to qualify.

All cancellations received on or before October 9, 2009 will be subject to a $195 processing fee. Written cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI course or publication. This credit will be good for six months. In case of conference cancellation, Electric Utility Consultants’ liability is limited to refund of the course registration fee only. For more information regarding administrative policies such as complaint and refunds, please contact our offices at (303) 770.8800.

EUCI reserves the right to alter this program without prior notice.

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☐ ‘Smart’ Capacity Markets: Challenges, Current Issues, and Reforms,
   November 9 – 10, 2009, US $1395
   Early Bird on or Before October 30, 2009, US $1195

☐ I’m sorry I cannot attend, but please send me the conference proceedings at US $295. (Please add US $50 for international shipping).

How did you hear about this event? (Direct email, Colleague, Speaker(s), etc.)

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