

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Remedying Undue Discrimination
through Open Access Transmission Service
and Standard Electricity Market Design

Docket No. RM01-12-000

NOTICE OF TECHNICAL CONFERENCES

(October 22, 2002)

1. Take notice that technical conferences led by Commissioners and members of Commission staff will be held on November 6, 2002, November 19, 2002 and December 3, 2002. Each conference will take place from approximately 9:30 a.m. until 5:00 p.m. in the Commission Meeting Room on the second floor of the offices of the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. All interested persons may attend, and registration is not required; however, in-person attendees are asked to notify the Commission of their intent to attend by sending an e-mail message to customer@ferc.gov.

2. These technical conferences are intended to be working sessions that focus on clarifying areas of concern with the proposed rule, resolving differences, and devising solutions to the difficult issues that have been identified during the Commission's outreach efforts following issuance of the Notice of Proposed Rulemaking (NOPR) in this docket. To make the conferences successful, we encourage participants to come prepared to support alternative proposals and offer concrete solutions to the issues that have been raised.

3. As specified in the Notice issued in this docket on October 2, 2002, the November 6, 2002 conference will focus on pricing proposals for network upgrades and expansions. The Commission wants to ensure that infrastructure will be built in a timely manner and that costs will be recovered in a fair and efficient manner. In particular, the discussions will attempt to clarify and seek consensus on:

a. Definitions of pricing policies including types of participant funding.

(1) "Beneficiaries pay" – the beneficiary, whether a single customer, a rate zone, the entire RTO, or a neighboring region as determined by the Independent Transmission Provider, pays for the upgrades.

- (2) "Market-based participant funding" – projects voluntarily proposed by individual market participants are voluntarily paid for by those participants, in order to use the expanded capacity and receive the Congestion Revenue Rights created.
 - (3) "Rolled in pricing" – projects are paid by all users of the regional grid.
 - (4) "Local License plate pricing" – Projects in a given service territory are paid for by those who pay the access charge in that territory.
- b. Definitions of categories of investments that must be addressed:
- (1) Region-wide reliability;
 - (2) Local reliability;
 - (3) Congestion relief.
- c. Which of the types of investments in (b) should be treated under each of the pricing policies in (a)?
- d. What barriers might remain under the proposed planning process to getting needed transmission built, and how can they be addressed better?
- e. How much regional variation should be allowed in determining the appropriate pricing treatment for each category of investment?
- f. Under market-based participant funding, should a market participant who funds an upgrade and receives the associated congestion revenue rights also pay an access charge to receive transmission service?
- g. In a region that moves to rely substantially on market-based participant funding, how should customers transition from transmission credits for network upgrades associated with generator interconnections to congestion revenue rights?
- h. In regions that propose to rely substantially on market-based participant funding, how can current wholesale network customers ensure that their load growth continues to be planned-for on a non-discriminatory basis?

- i. What accommodations should be made, if any, to account for the recovery of the costs of transmission expansion with state retail rate freezes.
4. The November 19, 2002 conference will focus on aspects of the resource adequacy requirement proposed in the NOPR, specifically:
 - a. how to accommodate differences in state requirements for reserve margins, resource adequacy, and retail access to achieve a standard or seamless resource adequacy within each region;
 - b. appropriate elements of design for resource adequacy requirements in areas that have retail access;
 - c. methods of ensuring adequate resource deliverability;
 - d. potential roles for central procurement;
 - e. appropriate penalties for LSEs that do not meet the requirements;
 - f. balance of energy and capacity prices to provide appropriate long run investment incentives;
 - g. potential roles of forward capacity markets;
 - h. how to assign the appropriate value (both price and quantity) to demand-side resources' participation in satisfying resource adequacy requirements;
 - i. how to ensure resource adequacy in energy-limited systems; and
 - j. possible seams issues.
1. The December 3, 2002 conference will discuss specific issues related to the transition to congestion revenue rights (CRRs), such as:
 - k. Whether the Commission's proposal to have a mandatory auction for CRRs should be replaced by a policy allowing regions to choose an allocation procedure.
 - l. determining how to allocate CRRs such that all customers receive CRRs

commensurate with their existing rights to the transmission system, including load diversity and to what extent planned and documented future load growth is accounted for;

- m. determining how to make sure that competing load-serving entities can acquire CRRs associated with new load or load formerly served by another load-serving entity;
- n. developing long-term CRRs to match the term of power purchase contracts;
- o. where CRRs are auctioned, how to ensure that any auction revenues are properly returned to load;
- p. guarding against the use of CRRs to exercise market power; and
- q. allowing regional variation on how rights are allocated to load.

1. Persons interested in speaking at these conferences should file a request to speak on or before October 25, 2002, in Docket No. RM01-12-000. If possible, interested speakers should also send a copy of their request to speak to customer@ferc.gov. The request should clearly specify the topic and date of the conference to which the request pertains; the name of the speaker; his or her title; the person or entity the speaker represents; the speaker's mailing address, telephone number, facsimile number and e-mail address; and a brief description of the issues the speaker wishes to address. As the number of potential speakers may exceed the time allotted for the conference, interested speakers are encouraged to coordinate their efforts with others who may have similar interests. Based on the requests to participate, panels of speakers will be specified in a subsequent notice.

2. Transcripts of the conference will be immediately available from Ace Reporting Company (202-347-3700 or 1-800-336-6646), for a fee. They will be available for the public on the Commission's FERRIS system two weeks after the conference. Additionally, Capitol Connection offers the opportunity for remote listening and viewing of the conference. It is available for a fee, live over the Internet, via C-Band Satellite. Persons interested in receiving the broadcast, or who need information on making arrangements should contact David Reininger or Julia Morelli at the Capitol Connection (703-993-3100) as soon as possible or visit the Capitol Connection website at <http://www.capitolconnection.gmu.edu> and click on "FERC."

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3. For more information about the conferences, please contact Sarah McKinley at (202) 502-8004 or sarah.mckinley@ferc.gov.

By direction of the Commission.

Linwood A. Watson, Jr.
Deputy Secretary