



National
Association of
Regulatory
Utility
Commissioners



**7th US-EU Energy Regulators Roundtable
November 14 – 16, 2008
New Orleans, Louisiana**

Agenda

Sheraton New Orleans Hotel

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Objectives

As agreed at the previous (6th) Roundtable (December 2007), the sessions will focus on fewer topics, allowing for more in-depth discussions.

Thursday, November 13

Travel and arrival of Participants

7:00 pm **Welcome Reception**
- 8:00 pm (Location: Reserved Area in Lobby Bar)

Friday, November 14 (9:00 am – 5:00 pm)

Grand Chenier Meeting Room

8:30 am Working Breakfast & Introductions

9:00 am **Welcome Remarks**
President Marsha Smith, NARUC
President Lord Mogg, CEER
Commissioner Marc Spitzer, FERC

9:15 am **Session I: Recent Regulatory Developments in the USA & EU:**
During this first session, speakers will provide short updates on key regulatory developments in their regions since the last roundtable in December 2007. This includes new legislation and the status of restructuring in the US and a report on the progress of the 3rd Energy Package and the EU regulatory framework. NARUC, CEER, FERC, and ERRA speakers will examine parallels between the US and EU experiences, especially in areas of regional harmonization and market integration efforts.

Moderator: President Marsha Smith, NARUC (ID)

Speakers: Commissioner Marc Spitzer, FERC
Commissioner José Braz, ERSE (Portugal)
First Vice President Frederick Butler, NARUC (NJ)
Chairman Gabor Szorenyi, ERRA (Hungary)

11:00 am Coffee break

11:15 am **Session I Cont.: General Discussion**

12:30 pm Lunch – in restaurant

2:00 pm **Session II: Market Monitoring, Oversight, Abuse**

After more than a decade of experience with wholesale electricity markets, the US is reaching an advanced stage of market experience, development, and evolution. The same can be said for given national wholesale electric markets in much of Europe. After the early turbulence and failures in California and western markets, wholesale electricity markets appear to be performing reasonably well. Monitoring reports in California suggests that the markets have stabilized and have been reasonably competitive to more than 6 years competitive. New England markets also appear to be competitive, but market participants continue to work on the market rules and foster new markets for ancillary services. An innovative structural mechanism known as the Market Monitor has emerged as an integral part of the new US wholesale electric markets to help provide the critical oversight role in regional (generally multistate) markets. The Market Monitor is intended to work hand-in-glove with regulators and enforcement agencies of government concerned with market abuse, while providing critical review of market design for the benefit of those administering markets. As the markets for electricity mature, lessons may be distilled and applied to other energy markets and/or newly formed markets for environmental attributes. Key questions for the panel include the following:

Market Performance

- How have the wholesale electric markets in the US and internationally really performed and are they efficient?

Market Monitor

- What level of transparency, oversight, and enforcement are appropriately required of or assigned to a Market Monitor or other agents of regulators and enforcement agencies?
- What level of independence is appropriate for a Market Monitor (from the market administrator)?
- Are the structures and tools to protect consumers from market abuse adequate to the job?

Relationship to Related Markets

- What lessons and experience in the markets for electricity have application in other wholesale markets, such as natural gas and carbon trading? What experience in natural gas markets can inform further improvements to wholesale electricity markets? Where can the intersection of the markets for carbon and natural gas challenge effective operation of wholesale electric markets?

Future Directions

- Where are the remaining areas of improvement to wholesale electric markets? (e.g., Improved interregional planning, coordination, dispatch. More involvement from the demand side through market innovations, advanced metering and rate designs? Greater interregional harmonization of policies, markets, designs, and oversight?)
- How can regulators improve the transparency of wholesale energy markets for greater market efficiency and consumer benefit?

Moderator: Second Vice President David Coen (VT)

Speakers: Mr. Steve Smith, OFGEM (UK)
Chair Maria Teresa Costa Campi CNE (Spain)
Commissioner Mark Christie (VA)
Ms. Susan Court, Director, Office of Enforcement, FERC

3:30 pm Coffee break

3:45 pm **Session II Cont.: General Discussion**

5:00 pm Session Concludes

7:30 pm Dinner at Brennan's Restaurant
<http://www.brennansneworleans.com/history.html>
417 Royal Street

Saturday, November 15 (9:00 am – 12:30 pm)

Grand Chenier Meeting Room

8:30 am **Working Breakfast & Networking**

9:00 am **Welcome & Introduction**
President Marsha Smith, NARUC
President Lord Mogg, CEER

9:15 am

Session III: Link between Energy and Financial Markets

This session will focus on the comparison between EU-US approaches on the link between energy and financial markets. The impact of energy derivatives' markets on the price of electricity and gas will be considered, and discussion will focus on energy regulators' consideration of the following:

- convergence between energy and financial markets
- regulatory challenges that arise from market convergence
- the supervision of Energy Regulators, in possible co-operation with financial security agencies, in order to secure energy markets' integrity.
- Other issues such as:
 - the need of investment, also for climate change responses
 - the implications of the recent financial crisis
 - the prospect of increased mergers
 - the effect on ratepayer bill payment

Moderator: Mr. Carlo Crea, AEEG (Italy)

Speakers: Chairman Joseph Kelliher, FERC
Chairman Charles Box, Treasurer, NARUC (IL)
Mr. Johannes Kindler, BNetzA (Germany)

11:00 am

Coffee break

11:15 am

Session IV: Climate Change

The timely transition to a low carbon energy future is the major challenge for the energy sector. Governments, in order to remove uncertainty and enable the industry to make its long term investment plans, should rapidly decide the regulatory framework in the domain of climate change, and provide a common coordinated action plan to effectively implement the policy goals.

Regulators provide the required long-term regulatory stability and ensure, as a general objective that the public support schemes do not distort market operation more than necessary. Support schemes should correspond to the cost level applicable to the specific energy technology, in particular for RES (renewable energy sources) different according to the stage of development the particular renewable energy form is. Operational and investment grid issues that arise due to the massive integration of renewables and their intermittent character, must be

timely addressed in cooperation with TSOs¹, in particular system expansion investments and the increased need of balancing services. The exchange of experience with alternative support schemes, their efficiency to achieve the deployment targets, the implications to the market and consequences, the cost, to the consumers is of interest. The development and integration to the electricity market of other low or non carbon-emissions, technologies involves also a potential market distortion.

The promotion of efficiency investments and demand side programs is very important in order to achieve rapidly the GHG emissions target. The alignment of efficiency investments incentives with those of the supply side, is important. Regulatory involvement in smart grids and smart meters deployment that will enable real time pricing and lead to improved system operation and quality of service, while also lowering investments in generation/transmission/distribution. Development of demand side response programs, smart tariffs and decoupling of utility profitability from the volume of electricity sales. This also makes customers more responsive to the high principles of climate change, renewables, system adequacy, energy conservation etc. As energy costs increase and the RES levies are going up so do customers bills. Of particular importance is the issue for its effects on vulnerable customers and the ways regulators may mitigate their effect.

Moderator: Mr. George Koutzoukos, RAE (Greece)

Speakers: Commissioner Rick Morgan (DC); Chair Ad Hoc Committee on
Global Climate Change
Chair Yvonne Fredriksson, EI (Sweden)
Shelton Cannon, Director, Office of Energy Market Regulation,
FERC

1:00 pm Lunch on own

Free Afternoon Suggested activities program available for participants

7:30 pm Dinner at Court of Two Sisters Restaurant
Hosted by Ed Salmon & John Quain
613 Royal St.

¹ TSO stands for Transmission System Operator while the ISO which stands for Independent (transmission) System Operator. Under the Directives of 2003 transmission system operators must be legally and functionally unbundled from any company that has generation and supply activities but does not need to be ownership unbundled (i.e. a vertically integrated electricity company needs only to establish a fully owned subsidiary for that). Thus In EU jargon TSO denotes a transmission company that owns the transmission related assets and performs the functions of a network operator. An example is RTE in France. ISO is a company “legally, functionally and ownership unbundled” from generation and supply activities which performs the functions of a network operator but does not own the transmission related assets, which (assets) may still be owned by a vertically integrated company an example is Hellenic Transmission System Operator-HTSO.

Sunday, November 16 (10:00 am – 12:30 pm)

Optional Activity:

08:30 am **FERC/NARUC Demand Collaborative**

(Room:)

With demand for electricity growing, demand-side management has always been a critical tool for keeping the lights on during peak energy periods. While demand-side programs are largely overseen by State commissions, this [forum](#) serves to explore how federal and State regulators can better coordinate their respective approaches to electricity demand response policies and practices. <http://www.naruc.org/Ferc/default.cfm?c=2>

Waterbury Meeting Room

10:00 am **Session V: Meeting Natural Gas Demand**

The ability to meet economic expansion with a fuel that also addresses environmental concerns places natural gas on the global stage as a preferred energy source. But, whatever the energetic, climatic and economic scenario, the long term European gas demand will increase, whereas the European domestic gas production will decline steadily. In view of these growing importation needs, the development of LNG will help Europe meet its long term security of supply objectives. To understand the current status of LNG markets, one needs to include new supply projections and the interplay between new domestic sources and LNG destinations. Another major response to this increasing demand, exemplified by the New England region of the United States, is the development of aggressive Demand Response Programs targeted at both natural gas and electric end users in an effort to reduce supply strain on the resource.

Moderator: Vice Chairman Bob Anthony (OK)

Speakers: Commissioner Eric Dyevre, CRE (France)
Commissioner W. Robert Keating (MA)
Mr. Mark Robinson, Director, Office of Energy Projects, FERC

11:30 am Coffee Break

11:45 am **EU-US Roundtable Conclusions**

12:00 pm **Update on World Forum on Energy Regulation (WFER) IV Preparations**

12:15 pm Lunch on own

Additional Meeting:

1:00 pm **NARUC Committee on International Relations Meeting**
(Waterbury Room)