



National  
Association of  
Regulatory  
Utility  
Commissioners



**USAID**  
FROM THE AMERICAN PEOPLE

## **National Association of Regulatory Utility Commissioners' Energy Regulatory Partnership Program**

**The Energy Agency of the Republic of Serbia  
and  
The Pennsylvania Public Utility Commission**  
[www.narucpartnerships.org](http://www.narucpartnerships.org)

*Fourth Partnership Activity*

***FINAL AGENDA***  
*(Version: September 11, 2009)*

Sponsored by:  
U.S. Agency for International Development (USAID) and  
National Association of Regulatory Utility Commissioners (NARUC)

**Pennsylvania Public Utility Commission (PA PUC)**

And

**Energy Agency of the Republic of Serbia (AERS)**

September 14 - 18, 2009  
Harrisburg, Pennsylvania  
Washington, DC

## **List of Participants**

### **Serbia**

#### **Energy Agency of the Republic of Serbia**

<http://www.aers.org.yu> (Serbian and English)

<http://www.erranet.org/AboutUs/Members/Profiles/Serbia>

Ms. Ljiljana Hadzibabic, Head of Technical Department

Ms. Dejana Milovanovic, Expert for Natural Gas

Mr. Aleksandar Popadic, Senior Expert for Natural Gas

Mr. Nebojsa Culum, Senior Expert for Natural Gas and Crude Oil

### **United States**

#### **Pennsylvania Public Utility Commission**

<http://www.puc.state.pa.us>

Honorable James H. Cawley, Chairman

Honorable Tyrone J. Christy, Vice Chairman

Honorable Kim Pizzingrilli, Commissioner

Honorable Wayne E. Gardner, Commissioner

Honorable Robert F. Powelson, Commissioner

Karen Oill Moury, Director of Operations

Steve Klick, Executive Policy Manager, Office of Commissioner Powelson

Dennis Buckley, Attorney 3, Office of Special Assistants

Eric Matheson, Executive Policy Manager, Office of the Chairman

June Perry, Director, Office of Legislative Affairs

Tom Beene, Office of Legislative Affairs

Ted Weakley, Deputy Director-Technical, Office of Trial Staff

Rick Kanaskie, Attorney 4, Office of Trial Staff

Buck Pankiw, Chief Counsel

Kirk House, Attorney 4, Office of Special Assistants

Darren Gill, Utility Energy & Conservation Analyst Supervisor, Bureau of Conservation,  
Economics & Energy Planning

Bill Hall, Utility Energy & Conservation Analyst, Bureau of Conservation, Economics &  
Energy Planning

#### **National Association of Regulatory Utility Commissioners (NARUC)**

<http://www.naruc.org>

<http://www.narucpartnerships.org>

Ms. Martina Schwartz, Manager of International Programs

## **Objective**

This is the fourth exchange in a series of partnership activities designed as a vehicle for the exchange of experience and information between AERS and Pennsylvania PUC with the goal of improving regulatory practices, capacity-building measures, and fostering sustainable relationships between the two partnering institutions. The purpose of these synergies is to create a framework through which a specific U.S. public utility commission works with an individual energy regulatory authority in developing its institutional and technical capacities in market-based regulation.

This partnership activity will focus on natural gas regulatory issues, including transportation system development, congestion management, balancing, capacity allocation, transparency, pricing regulations, and other issues of interest.

## **AERS and PA PUC Partnership**

September 14 - 18, 2009

Harrisburg, Pennsylvania

Washington, DC

## **Program Agenda**

### **Saturday, September 12, 2009**

- 18:03            NARUC Representative arrives in Harrisburg, PA (United #7920)
- 21:06            AERS Representatives arrive in Harrisburg, PA (United #392 from Chicago)

Transfer to hotel (by Unique Limousine):

Crowne Plaza Hotel

23 S Second Street

Harrisburg, PA 17101

Tel: +1-717-2345021

Fax: +1-717-2346797

<http://www.ichotelsgroup.com/h/d/cp/1/en/hotel/mdtdt?rpb=hotel&crUrl=/h/d/cp/1/en/hotelsearchresults>

Free evening

### **Sunday, September 13, 2009**

Breakfast at hotel

Morning            Individual activities and acclimation

Pennsylvania PUC staff to meet the AERS/NARUC group in the hotel lobby at 13:00

13:00 Leave hotel and travel to Gettysburg

14:00 Tour Gettysburg

18:00 Dinner at Dobbin House

**Monday, September 14, 2009**

Breakfast at hotel

08:15 Participants depart hotel lobby, transfer to PA PUC  
(400 North Street, Commonwealth Keystone Building, Tel: 717-787 5722)

09:00 **Welcome Remarks – Executive Chambers**  
*Karen Moury, Director of Operations, PA PUC*

**Introductions of AERS Representatives and PA PUC Commissioners and staff**

09:10 **Opening Remarks**  
*The Honorable James Cawley, Chairman, PA PUC*  
*Ljiljana Hadzibabic, Head of Technical Department, AERS*

09:45 **Financial Issues Facing Natural Gas Companies**  
*Steve Klick, Executive Policy Manager, Office of Commissioner Powelson, PA PUC*

10:45 Coffee break

11:00 **Pricing Methodologies and Tariff Systems for Natural Gas**  
*Dennis Buckley, Attorney 3, Office of Special Assistants, PA PUC*

- Definition of customer groups
- Definition of the capacity charge; cost allocation (relation between capacity and commodity charges)
- Treatment of interruptible services
- Existence and duration of the regulatory period (currently one year)
- Treatment of investments (regulatory role in approving investments in new or existing infrastructure)

12:30 Group lunch and Energy Association Overview  
*Sponsored by the Energy Association of Pennsylvania*

13:45 Return to PUC

14:00 **Pricing Methodologies and Tariff Systems, Utility Perspective**  
*Paul Szykman, Vice President of Rates, UGI*

15:30 Coffee break

15:45        **Financial and Operational Issues Facing the Serbian Natural Gas Sector**  
*AERS Representatives*

17:00        Adjourn

19:30        Welcoming dinner  
Venue: Benihana

**Tuesday, September 15, 2009**

Breakfast at hotel

08:30        Participants depart hotel lobby, transfer to PA PUC

09:00        **Balancing in Natural Gas**  
*Eric Matheson, Executive Policy Manager, Office of the Chairman, PA PUC*

- Allowed imbalance tolerance
- Setting the balancing periods (hourly, daily, monthly)
- Imbalance charges calculation (level of charges- same for all imbalances or depending on level of imbalance, period of year etc.; ) and settlement
- Price setting for balancing gas (market based or defined in advance- price formula, HUB price...); passing through imbalance costs and costs of obtaining capacity on entry points to the system to suppliers and direct customers (should the costs be encompassed in the sale price of natural gas or individually declared to the final customers?)
- Establishment and responsibilities of balancing groups
- Interface with distribution; load profiling (treatment of small consumers that don't have metered consumption)

10:30        Depart for UGI

12:00        Group Lunch at West Reading Diner, Penn Avenue

12:30        Tour of UGI Dispatch Center

13:30        Depart for UGI Corporate office

14:00        **Supply and Capacity Acquisition Roundtable**  
*J. P. Ghio, Manager of Gas Acquisition and Supply, UGI*

- Prices for services
- Data about entry/ exit points and other relevant points for transmission system (available capacities, contracted firm and interruptible capacity, historical maximum and minimum monthly utilization rates, average annual flow etc.)
- Maintenance plan
- Data on gas quality and pressure

17:00 Adjourn and return to Harrisburg

19:00 Group Dinner  
*Fiesta Mexico*

### **Wednesday, September 16, 2009**

Breakfast at hotel

08:00 Participants depart hotel lobby, transfer to PA PUC

08:30 **Commissioners' Discussion: Legislative Interaction**  
*The Honorable Tyrone Christy, Vice Chairman, PA PUC*  
*The Honorable Wayne Gardner, Commissioner, PA PUC*  
*June Perry, Director, Office of Legislative Affairs, PA PUC*  
*Tom Beene, Office of Legislative Affairs, PA PUC*

9:30 Tour of Pennsylvania Capitol

10:00 **Meet with Legislators and staff**  
*The Honorable Robert Tomlinson*  
*PA Senate*

10:30 *The Honorable Joseph Preston*  
*PA House of Representatives*

12:00 Group lunch  
(Firehouse or Duke's)

13:30 **Process for Recovery of Natural Gas Costs (CEEP Conference Room)**  
*Ted Weakley, Deputy Director-Technical, Office of Trial Staff, PA PUC*  
*Rick Kanaskie, Attorney 4, Office of Trial Staff, PA PUC*

- Adequacy of the correction factor (taking into consideration the differences between forecasted and actual cost/quantities data)

15:00 Coffee break

15:15 **Appellate Process**  
**Enforcement Process**  
*Buck Pankiw, Chief Counsel, PA PUC*

17:00 Adjourn

18:00 Dinner Reception  
*Darren Gill's Home*

### **Thursday, September 17, 2009**

Breakfast at hotel

Participants check out, leave luggage at hotel

08:30 Participants depart hotel lobby, transfer to PA PUC

09:00 **Natural Gas Rate Case Practical Exercise**

*Kirk House, Attorney 4, Office of Special Assistants, PA PUC*

*Rick Kanaskie, Attorney 4, Office of Trial Staff, PA PUC*

*Darren Gill, Utility Energy & Conservation Analyst Supervisor, PA PUC*

10:30 Coffee break

10:45 **Natural Gas Congestion Management**

*Kirk House, Attorney 4, Office of Special Assistants, PA PUC*

*Darren Gill, Utility Energy & Conservation Analyst Supervisor, PA PUC*

- Calculation of available transport capacities,
- Capacity allocation in case of physical congestion (capacity auction, first come first served, pro-rata ...); role of the regulator
- Capacity allocation in case of contractual congestion (use it or lose it, secondary market, interruptible services...); role of the regulator

12:00 Group Lunch  
(Firehouse or Duke's)

13:30 **Congestion Management (Cont'd)**

*Bill Hall, Utility Energy & Conservation Analyst, PA PUC*

- Price setting for various services; roles of TSO and regulator
- Time horizons for capacity allocation (contract duration)- 1 day, 1 month, 2-11 months, 1 year and more
- Access to upstream pipelines – examine the possibility to oblige the system operator to negotiate access to a pipeline that is not a part of his system.

15:00 **Roundtable Discussion and Q&A  
Future of Partnership Program**

17:00 Partnership Ends in Harrisburg

NARUC staff and AERS Participants collect luggage at hotel and transfer to Airport  
United #7958 from Harrisburg to Dulles International Airport  
7:59pm – 8:46pm

Shuttle transfer to hotel

Check-in at Residence Inn by Marriott  
1199 Vermont Avenue, NW  
Washington, DC 20005  
Tel: 202-898 1100

<http://www.marriott.com/hotels/travel/wasdc-residence-inn-washington-dc-vermont-avenue/>

Free evening

**Friday, September 18, 2009**

Breakfast at hotel

08:30 Participants depart hotel lobby, transfer to the Federal Energy Regulatory Commission (FERC)

09:00 Meeting with FERC  
(888 First Street, N.E., 5<sup>th</sup> Floor, Washington, DC 20426; [www.ferc.gov](http://www.ferc.gov))

(Presentation packets available on site)

Escort: *Sarah McKinley, State Relations, Office of External Affairs, FERC*

Presenter: *John Carlson, Office of Energy Market Regulation, FERC*

*The Federal Energy Regulatory Commission (FERC) is an independent agency that regulates the interstate transmission of natural gas, oil, and electricity. FERC also regulates natural gas and hydropower projects.*

- Capacity allocation mechanism (CAM) and congestion management procedure (CMP)
- Secondary capacity market
- Balancing
- Network Charges

11:15 Transfer to NARUC

12:00 Working Lunch and Discussions with Representatives of the National Association of Regulatory Utility Commissioners (NARUC) and the United States Agency for International Development (USAID)

*NARUC representatives*

*USAID representative: Robert Ichord, Chief, Energy & Infrastructure (TBC)*

*Special Guest: Branko Terzic, Global and US Policy Regulatory Leader, Deloitte Service LP*

Venue: NARUC offices

(1101 Vermont Avenue, NW, Suite 200, Washington, DC 20005; [www.naruc.org](http://www.naruc.org))

- Recent energy sector and regulatory developments in Serbia and AERS

- Critical issues for implementation in compliance with the Energy Community Treaty provisions
- Regional issues
- Benefits of Regulatory Partnership for improving AERS' practices and understanding of market-based regulations
- Other issues of interest and importance

14:00 End of partnership meetings

Free afternoon and evening

**Saturday, September 19, 2009**

Breakfast at hotel

Check-out of hotel by 12:00 noon (luggage may be stored in hotel storage facility)

Free morning and afternoon (Cultural activities in Washington, DC)

14:45 Transfer to Dulles International Airport by organized shuttle from Residence Inn by Marriott

17:26 Departures of PA PUC to Belgrade  
(United Airlines #902; Washington Dulles – Munich; 17:26 – 07:40 September 20)