



National
Association of
Regulatory
Utility
Commissioners



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National Association of Regulatory Utility Commissioners' Energy Regulatory Partnership Program

The Electricity Regulatory Authority of Albania

www.narucpartnerships.org

Study Tour on Technical Regulatory and Energy Policy Issues

FINAL AGENDA

(May 7, 2008)

Sponsored by:

U.S. Agency for International Development (USAID)

And

National Association of Regulatory Utility
Commissioners (NARUC)

May 12-16, 2008
Harrisburg and Norristown, Pennsylvania
Washington, DC

List of Participants

Albania

Electricity Regulatory Authority of Albania
<http://www.ere.gov.al> (Albania and English)

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

Honorable Bujar Nepravishta, Chairman
Honorable Ardian Haci, Commissioner
Mr. Agim Nashi, Advisor to the ERE Board
Ms. Entela Cipo, Head of Customer Protection
Department
Ms. Lavdi Konjari, Tariff Specialist

United States

Pennsylvania Public Utility Commission
<http://www.puc.state.pa.us>

Honorable Wendell F. Holland, Chairman
Mr. Robert Bennett, Energy Advisor to
Chairman Holland
Mr. John Levin, Assistant Counsel 4
Mr. Darren Gill, Utility Energy &
Conservation Analyst Supervisor
Mr. Shane Rooney, Attorney 4, Energy
Advisor to Commissioner Pizzigrilli
Mr. Kirk House, Attorney 4
Mr. Thomas Maher, Rate Case Review Specialist
Paul Metro, Chief Engineer for Gas Safety
John Miller, Utility Energy & Conservation
Analyst 3

PJM Interconnection, LLC
<http://www.pjm.com>

Mr. Glenn Weiss, Senior Client Manager,
Members Relations
Mr. Alain Steven, International Executive
Advisor

Federal Energy Regulatory Commission
<http://www.ferc.gov>

District of Columbia PSC
<http://www.dcpsc.org>

**National Association of Regulatory Utility
Commissioners (NARUC)**
<http://www.naruc.org>
<http://www.narucpartnerships.org>

Ms. Martina Schwartz, Manager of International
Programs (Mobile: 1-571-275-0323)

Interpreters
Mirlinda Angoni
Rafaela Prifti
Ardita Dunnelari

Objective

This study tour on energy regulatory issues and policy in a series of partnership activities designed as a vehicle for the exchange of experience and information between ERE and Pennsylvania PUC with the goal of improving regulatory practices and capacity-building measures. This study tour will focus on commercial, technical and monitoring considerations in cross-border trade; electricity market structure, development and services; market monitoring and mitigation; regional market development; transmission capacity allocation; supply quality, contracts and settlements procedures; transmission system adequacy; supplier of last resort, natural gas regulatory framework, customer protections and other relevant issues.

ERE Study Tour on Energy Regulation and Policy

May 12-16, 2008

Harrisburg and Norristown, Pennsylvania
Washington, DC

Program Agenda

Saturday, May 10

16:19 ERE and NARUC Representatives arrive in Harrisburg, PA

Flight information: United Airlines #512 (Chicago-Harrisburg; 13:31 – 16:19)
(NARUC representative arriving by train from Washington, DC)

Transfer to hotel:
Harrisburg Holiday Inn Pennsylvania East (Airport)
4751 Lindle Road
Tel: 717-939 7841
Tel: 1-800-HOLIDAY
Fax: 717-939 5640
<http://www.hiharrisburg.com/guestrooms.asp>

Free evening

Sunday, May 11

Breakfast on own at hotel

Acclimation

Free afternoon and evening

Monday, May 12

Breakfast on own at hotel

Sessions on regulatory framework; security of supply

- 08:30 Participants depart hotel lobby, transfer to PA PUC by taxis
(400 North Street, Commonwealth Keystone Building, Tel: 717-787 5722)
- 09:00 **Welcome Remarks**
Ms. Karen Moury, Executive Director, PA PUC
Chairman Bujar Nepravishta, ERE
- Introductions of study tour participants**
- 09:15 **Overview of Pennsylvania regulatory framework and markets**
Mr. Robert Bennett, Energy Advisor to Chairman Holland, PA PUC
- 10:45 Coffee break
- 11:00 **Current issues and challenges in Albanian energy sector**
Chairman Bujar Nepravishta, ERE
- Update on current regulatory and industry issues
 - Process of privatization in the distribution sector
 - Role of ERE, KESH, Government, donors
- 12:00 Group lunch
- 13:15 **Roundtable discussion on cross-border trade, regulatory monitoring, enforcement, markets**
- Overview of SEE market development and competition
 - Status of cross-border interconnections in SEE
 - Process of cross-border trade harmonization
 - Capacity expansion through competition v. historical contracts
 - Information transparency and exchange mechanisms
 - Capacity allocation and congestion management
 - Cooperation among system operators
 - Challenges (governance, capacity, transparency, monitoring)
- 14:00 **Security of supply I: Generation adequacy in Pennsylvania and PJM region**
Mr. Darren Gill, Utility Energy & Conservation Analyst Supervisor, PA PUC
- Objectives and overview of power system planning in Pennsylvania and PJM
 - Relevant federal and state legislation
 - Capacity mechanisms to stabilize the generation volumes
 - Power production capacity reporting by generators, interface with the transmission grid
 - Loss of load expectation (LOLE) in PA and PJM markets
 - Methodology for calculating LOLE and accepted standards
 - Generation plant availability (scheduled maintenance, forced outages)

- Basic modeling approaches
- Special modeling for variable (wind) generation
- Process of commissioning new generation capacity
- Incentivizing investment in new generation (capacity tickets)
- Demand forecasting (annual, varying, peak); reserve margins
- Conducting adequacy assessments
- Strategic measures to cover the forecasted demand
- Impact of locational pricing and environmental issues on generation adequacy

15:00 Coffee break

15:15 **Security of Supply II: Electric transmission system reliability**

Mr. John Levin, Assistant Counsel 4, PA PUC

Mr. Darren Gill, Utility Energy & Conservation Analyst Supervisor, PA PUC

- Overview, characteristics and performance of the bulk transmission power system in Pennsylvania and PJM
- Federal and state reliability legislation
- Authority for reliability oversight
- Rules to ensure reliable power grid operation
- Reliability Institutions
 - Reliability Councils
 - FERC
 - DOE
 - System operators (PJM)
- Role of PA PUC in ensuring transmission system adequacy
- Compliance with reliability policies and standards
- Resolution of disputes
- Reliability system cost recovery and distribution
- Transmission system planning and siting (investment and research)
- National Transmission Grid and Congestion Studies

16:15 Adjourn

Free evening

Tuesday, May 13

Breakfast on own at hotel

Sessions on resource and system adequacy, security and quality of supply, universal service obligations, dispute settlement

08:30 Participants depart hotel lobby, transfer to PA PUC by taxis
(400 North Street, Commonwealth Keystone Building, Tel: 717-787 5722)

09:00 **Generation, Distribution and Transmission Network adequacy in Albania and the Southeast Europe**

Mr. Agim Nashi, Advisor to ERE Board

- Overview, characteristics and performance of the generation, distribution and transmission power system in Albania
- Rules to ensure reliable power grid operation
- Role of ERE in ensuring transmission system adequacy
- Resolution of disputes
- Reliability system cost recovery and distribution
- Transmission system planning and siting (investment and research)

10:30 Coffee break

10:45 **Monitoring of utilities and licenses through charts of accounts. Current status of charts of accounts and extent and substance of monitoring that ERE performs**

Ms. Lavdi Konjari, Tariff Specialist, ERE

12:00 Group lunch

13:15 **Supplier of last resort**

Mr. Kirk House, Attorney 4, PA PUC

Mr. Thomas Maher, Rate Case Review Specialist, PA PUC

- Statutory framework in Pennsylvania
- Understanding the functions of a default supplier
- Constructing an SOLR model
- Utility obligations to serve
- Competitive wholesale supply procurement methodology
- ‘Standard offer’ and other price determinations (reference price, allowed revenues, cost allocation, profit margins)
- Funding mechanisms (cross-subsidies, voluntary, etc.)
- Regulatory oversight of SOLR in vertically-bundled and deregulated markets
- Social policy considerations (price scrutiny v. price protection)
- Switching from default supplier to competitive supplier (contractual, financial and other considerations)
- Metering and billing
- SOLR case studies and lessons learned from Pennsylvania’s market restructuring (Commission settlement agreements regarding standard offer service)

14:15 **Dispute settlement between consumers and suppliers**

Ms. Entela Cipo, Head of Customer Protection Department

- Obligations and contracts between suppliers and consumers

15:15 **Roundtable Discussion on Dispute Settlement Between Consumers and Suppliers**

16:45 Adjourn

Free evening

Wednesday, May 14

Breakfast on own at hotel

Sessions on electricity markets, natural gas regulatory framework and nuclear power

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

09:00 **Electricity market in Pennsylvania**

Mr. Shane Rooney, Attorney 4, Energy Advisor to Commissioner Pizzingrilli, PA PUC

Mr. Kirk House, Attorney 4, PA PUC

- Electricity restructuring act and legal framework
- Market design outcome and structure
- Market participants and market facilitators
- System operations under competitive markets
- Market services and products
- Performance of retail competition programs
- Balancing market (rules, responsibilities, treatment of debalances)
- Ancillary services, contingency reserves (supplemental and spinning reserves)
- Reliability in monopoly v. competitive regime
- Sources of efficiency gains resulting from re-structuring

10:15 Coffee break

10:30 **Status of electricity market in Albania**

Commissioner Ardian Haci, ERE

- Market profile (generators, distributors, suppliers, customers)
- Compliance with Energy Community Treaty regarding primary and secondary legislation

11:30 **Monitoring competitive markets in Pennsylvania**

Mr. John Levin, Assistant Counsel 4, PA PUC

Mr. John Miller, Utility Energy & Conservation Analyst 3, PA PUC

- Role of the State Commissions and FERC
- Technical and commercial considerations in conducting monitoring and mitigation processes
- Functions of the market monitor (market surveillance v. mitigation, efficiency improvements, market power abuse, periodic analyses of collected data)
- Real-time market monitoring (data, economic withholding through raised bids)
- Day-ahead market monitoring
- Market reports
- Complaint process and dispute resolution

- 12:30 Group lunch
- 13:45 **Natural gas regulatory framework in Pennsylvania**
Mr. Paul Metro, Chief Engineer for Gas Safety, PA PUC
- 15:15 **Status of preparations for initiating the regulatory framework for natural gas regulation in Albania**
Chairman Bujar Nepravishta, ERE
- Legal framework
 - Role of ERE and Government
 - Regional considerations for natural gas projects and role of Albania in the regional natural gas market
- 16:15 Coffee break
- 16:30 **Nuclear power in Pennsylvania and PUC regulatory aspects**
Mr. Darren Gill, Utility Energy & Conservation Analyst Supervisor, PA PUC
- 17:15 Study tour ends in Harrisburg

Free evening

Thursday, May 15

Breakfast on own at hotel

Participants check out of hotel

08:00 Transfer to PJM, Norristown, PA
(955 Jefferson Ave., Valley Forge Corporate Center, Norristown, PA 19403)

Site visit and discussions at PJM Interconnections, LLC
(Coffee breaks and lunch will be provided)

11:00 **Pennsylvania-New Jersey-Maryland (PJM) Interconnection, LLC**
PJM Interconnection is a regional transmission organization (RTO) that plays a vital role in the U.S. electric system. PJM ensures the reliability of the largest centrally dispatched control area in North America by coordinating the movement of electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. PJM, acting neutrally and independently, operates the largest competitive wholesale electricity market in the world. PJM manages a sophisticated regional planning process for generation and transmission expansion to assure future electric reliability. PJM facilitates a collaborative stakeholder process. Stakeholders include participants that produce, buy, sell, move and regulate electricity.
<http://www.pjm.org>

Presenters: *Mr. Glenn Weiss, Senior Client Manager, Members Relations*
Mr. Alain Steven, International Executive Advisor

(Presentation packets available on site)

Group lunch will be provided

- Overview of the PJM Regional Electricity Market (Market profile: size, participants and facilitators, load, structure, products, services)
- Organization, Staffing, Functions
- Membership and Governance
- Market services and products
- Trading Rules and the Power Pool
- Load Forecasting
- Balancing market
- Transmission constraints control
- Ancillary services market
- Real-time market operations (dispatch, control, emergency)
- Day-ahead market
- Market settlements and transactions
- Transmission Pricing, Capacity allocation and Planning
 - Mechanism for capacity allocation
 - Physical and financial capacity rights
 - Price determination
 - Distribution of congestion revenues within RTO
 - Monitoring
- Contracting Issues
- Relationship between regulators and ISO; Relationship with FERC
- Reliability in Competitive Markets
- Security of Supply
- Operational planning
- Q&A; Discussion

14:00 Adjourn

Free time

17:00 Shuttle pick-up for travel to Washington, DC

Check-in at hotel
Homewood Suites
1475 Massachusetts Avenue, NW
Washington, DC 20005

Free evening

Friday, May 16

Breakfast at hotel

Sessions on US federal regulatory framework and practices; market monitoring and oversight; US and Southeast European energy sector issues

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

09:00 Meeting with Representatives of the Energy Market Oversight Division, FERC (888 First Street, N.E., 5th Floor, Washington, DC 20426; www.ferc.gov)

(Presentation packets available on site)

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

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.

1. History of the agency
2. Objectives
3. Staffing at the agency

Energy Market Oversight Division

4. Oversight and authorities (data collection, auditing)
5. Daily activities
6. Reporting (frequency and content)
7. Tracking of regional electricity market activities
8. Market monitoring v. mitigation

11:00 Transfer to NARUC

Meet NARUC staff

12:00 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

*Mr. Jamshid Heidarian, Senior Energy Advisor, Energy and Infrastructure Division
Bureau for Europe and Eurasia, USAID Washington*

Mark Schlagenhaut, USAID Washington

*Ken Wentzel, AEAI Subcontractor on the Albania Distribution Privatization project, Lead
Privatization Expert*

*Tim Ferris, AEAI, Regulatory Attorney, Albania Distribution Privatization project,
Project Manager*

*Kathi Deacon, AEAI, Senior Associate, Albania Distribution Privatization project,
Project Coordinator*

Venue: NARUC offices
(1101 Vermont Avenue, NW, Suite 200, Washington, DC 20005; www.naruc.org)

- Recent energy sector and regulatory developments in Albania and ERE
- Critical issues for implementation in compliance with the Energy Community Treaty provisions
- Regional issues
- Benefits of Regulatory Partnership for improving ERE's practices and understanding of market-based regulations
- Other issues of interest and importance

14:00 Coffee break

14:30 **Discussions with DC Public Service Commission on natural gas regulations**
The mission of the District of Columbia Public Service Commission is to serve the public interest by ensuring that financially healthy electric, natural gas and telecommunications companies provide safe, reliable and quality utility services at reasonable rates for District of Columbia residential, business and government customers.
<http://www.dcpsc.org>

Venue: Offices of the District of Columbia PSC

16:00 End of US study tour

Free afternoon and evening

Saturday, May 17

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 Homewood Suites

17:28 Departures of ERE to Tirana (United Airlines #902; Washington Dulles – Munich)