



National  
Association of  
Regulatory  
Utility  
Commissioners



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

**The Croatian Energy Regulatory Agency and the New York State Public Service  
Commission (Sixth Activity)**

<http://www.narucpartnerships.org/>

### **Activity Themes:**

Gas market regulations and methodologies; Tariff development for natural gas and electricity;  
Service quality regulation and performance monitoring; Distribution reliability;  
Low-income and public benefits programs

***FINAL AGENDA***  
***(June 20, 2007)***

Sponsored by:

US Agency for International Development (USAID) and  
National Association of Regulatory Utility Commissioners (NARUC)

**Croatian Energy Regulatory Agency (CERA)**

And

**New York State Public Service Commission (NYS PSC)**

June 26-29, 2007  
Zagreb, Croatia

## **List of Participants**

### **Croatia**

#### **Croatian Energy Regulatory Agency (CERA)**

<http://www.hera.hr/english/html/indexe.html>

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

Honorable Tomo Galić, Chairman  
Honorable Darko Pavlovic, Vice-Chairman  
Honorable Eraldo Banovac, Commissioner  
Honorable Milan Puharić, Commissioner  
Honorable Dubravka Štefanec,  
Commissioner  
Dr. Mićo Klepo, Senior Advisor  
Mr. Željko Rajić, Advisor  
Mr. Branimir Horaček, Director of the  
Agency  
Dr. Srđan Žutobradić, Head of Department  
for Electricity and Renewables  
Mr. Lahorko Wagemann, Head of  
Department for Quality of Service  
and Consumer Protection  
Ms. Loredana Smoljanic, Head of Legal and  
Licensing Department  
Mr. Nikola Vištica, Head of Department for  
Gas and Oil  
Mr. Goran Babić, Independent Associate,  
Department for Gas and Oil  
Mr. Hrvoje Brlečić, Independent Associate,  
Department for Gas and Oil  
Ms. Anja Stojančević, Department for  
Quality of Service and Consumer  
Protection  
Ms. Zrinka Roubin, Department for Quality  
of Service and Consumer Protection  
Mr. Zlatko Zmijarević, Specialist,  
Department of Electricity and  
Renewables

#### **United States Agency for International Development Mission/Zagreb**

<http://www.usaid.gov>

<http://zagreb.usembassy.gov/usaid/>

Mr. William Jeffers, Mission Director  
USAID/Zagreb  
Mr. Bradley Wallach, USAID/Zagreb

### **United States**

#### **New York Public Service Commission (NY PSC)**

<http://www.dps.state.ny.us/>

Mr. Thomas G. Dvorsky, Director, Office of Gas  
and Water  
Mr. Rajendra Addepalli, Chief of Resource  
Policy and Planning, Office of  
Electricity and Environment  
Mark A. Reeder, Chief, Regulatory Economics,  
Office of Accounting and Finance  
Thomas S. Coonan, Utility Supervisor, Office of  
Gas and Water

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

<http://www.naruc.org>

Ms. Martina Schwartz, Senior Program Officer,  
International Programs (international  
mobile: +1-571-275 0323)

#### **United States Agency for International Development**

<http://www.usaid.gov>

Dr. Jamshid Heidarian, Senior Energy Advisor

## **Objective**

The NYS PSC's visit to CERA constitutes the sixth of a series of exchanges as part of the Energy Regulatory Partnership Program designed as a regulatory framework for the exchange of experience and information between the NYS PSC and CERA with the goal of fostering long-term sustainable relationships and professional linkages between regulatory bodies in Croatia and New York. This partnership activity will delve into the regulatory and technical aspects of natural gas market development and regulations, applications of electricity and natural gas methodologies, service quality regulation, utility performance and regulatory monitoring, and low-income and public benefits programs.

## **NYS PSC and CERA Partnership**

<http://www.narucpartnerships.org/>

June 26-29, 2007

Zagreb, Croatia

### ***Program Agenda***

#### **Sunday, June 24**

11:30 Two NYS PSC delegates and NARUC staff arrive at Zagreb International Airport (Delta Flight # 8488 from Paris)

Transfer by hotel shuttle to:

The Westin Zagreb

Izidora Krsnjavoga 1

Zagreb 10000 Croatia

Tel: (385 1) 489 2000

Fax: (385 1) 489 2001

<http://www.starwoodhotels.com/westin/property/overview/index.html?propertyID=1464>

Free afternoon and evening

Overnight stay in Zagreb

#### **Monday, June 25**

Breakfast in hotel

Acclimation day

(Individual and/or group activities)

Site visit to a hydro power plant

19:00 NARUC representative and NYS PSC staff meet

Overnight stay in Zagreb

## **Tuesday, June 26**

### **Sessions on Natural Gas Market Development and Regulations**

Breakfast in hotel

(Note: Two NYS PSC delegates arrive in Zagreb at 11:30am (Delta Flight #8488 from Paris))

08:30 Meet in hotel lobby and transfer to the CERA offices located at: Koturaska 51  
10000 Zagreb, Tel: ++385 1 6311-410; Fax: ++385 1 6115-344

09:00 **Welcoming Remarks**  
**CERA and NYS PSC Commissioner and Staff Introductions**  
*Chairman Tomo Galić, CERA*  
*Mr. Thomas Dvorsky, Director, Office of Gas and Water, NYS PSC*

09:20 **Update on Croatia's Energy Sector Developments in 2006-07:**  
**Restructuring, Development of Regulatory Methodological Base**  
**Issues Confronting CERA**  
*Mr. Branimir Horaček, Director of Agency, CERA*

10:00 **News from the New York State Energy Sector:**  
**Status of New York State's Energy Policy**  
*Mr. Thomas Dvorsky, Director, Office of Gas and Water, NYS PSC*

10:30 Coffee break

10:50 **Overview of Natural Gas Market Development in Croatia**  
*Mr. Nikola Vištica, Head of Department for Gas and Oil, CERA*  
*Mr. Goran Babić, Independent Associate, Department for Gas and Oil, CERA*

- New natural gas market legislation
- Production, transportation, distribution, storage
- Third party access, market opening
- Methodologies: distribution, supply
- Issues and challenges

12:00 Group lunch (Venue: Cafeteria of the Zagreb Technical University)

13:30 **Structure of Natural Gas Market Sector in the United States**  
*Mr. Thomas Dvorsky, Director, Office of Gas and Water, NYS PSC*

- Overview of United States Gas Regulatory System

14:45 **Natural Gas Distribution: Regulations governing the development of new  
distribution systems and extension of existing distribution systems;  
pricing structure & rights for customers**  
*Mr. Thomas Coonan, Utility Supervisor, Office of Gas and Water, NYS PSC*

- 15:45 Coffee break
- 16:00 **Natural Gas Infrastructure and Market Development in Croatia**  
*Mr. Nikola Vištica, Head of Department for Gas and Oil, CERA*  
*Mr. Hrvoje Brlečić, Independent Associate, Department of Gas and Oil, CERA*
- 16:45 **Discussion on Day's Topics**
- 17:15 Adjourn
- 18:45 Welcoming dinner (Venue TBD)

Overnight stay in Zagreb

**Wednesday, June 27**

**Sessions on Natural Gas Storage**

Breakfast in hotel

- 08:15 Meet in hotel lobby and transfer to the CERA offices
- 08:45 **Issues and Topics in Natural Gas Storage**  
*Dr. Mićo Klepo, Senior Advisor, CERA*
- Legislation and regulatory framework
  - Licensing procedures
  - Storage facilities: storage system operations and services
  - Storage operators: functions, obligations, rights
  - Storage access: regulated, negotiated
- 09:30 **Regulatory Framework for Natural Gas Storage in New York**  
*Mr. Thomas Coonan, Utility Supervisor, Office of Gas and Water, NYS PSC*
- Legislation and regulatory framework
  - Licensing procedures and rules for access (regulated, negotiated) to storage facilities
  - Storage facilities: profiles (depleted field, aquifer, salt cavity), system operations, services
  - Storage operators: functions, obligations, rights
  - Identification of storage system users
  - Technical issues in natural gas storage
- 10:45 Coffee break
- 11:00 **Tariff Development for Natural Gas Storage**  
*Mr. Thomas Coonan, Utility Supervisor, Office of Gas and Water, NYS PSC*

- Methodology and regulations for determining tariffs in gas storage
- Determining user costs for natural gas storage

12:00 **Q & A on Morning Sessions**

12:15 Group lunch (Venue: Cafeteria of the Zagreb Technical University)

13:45 **Overview and Features of New Tariff Systems in Natural Gas Sector in Croatia**  
*Mr. Goran Babić, Independent Associate, Department for Gas and Oil, CERA*

14:30 **Natural Gas Contracts in New York**  
*Mr. Thomas Dvorsky, Director, Office of Gas and Water, NYS PSC*

- Gas contracts entered into by New York utilities

15:30 Coffee break

15:45 **Overview of Natural Gas Distribution Network in Croatia**  
*Mr. Hrvoje Brlečić, Independent Associate, Department for Gas and Oil, CERA*

- Infrastructure developments and investments

16:45 **Discussion on Day's Sessions**

17:15 Adjourn

Free evening

Overnight stay in Zagreb

### **Thursday, June 28**

#### **Sessions on Natural Gas Distribution; Regulatory Reporting; Rate-setting**

Breakfast in hotel

08:15 Meet in hotel lobby and transfer to the CERA offices

08:45 **New York State Gas Ratemaking Concepts**  
*Mr. Thomas Dvorsky, Director, Office of Gas and Water, NYS PSC*

10:30 Coffee break

10:50 **Consumer and Utility Rights and Obligations**  
*Mr. Rajendra Addepalli, Chief of Resource Policy and Planning, Office of Electricity and Environment, NYS PSC*

12:00 Group lunch (Venue: Cafeteria of the Zagreb Technical University)

- 13:30        **Features of New Tariff Systems in Electricity Sector in Croatia**  
*Mr. Željko Rajić, Advisor, CERA*
- 14:30        **Calculating the Revenue Requirement in Electricity**  
*Mr. Rajendra Addepalli, Chief of Resource Policy and Planning, Office of Electricity and Environment, NYS PSC*  
*Mr. Mark Reeder, Chief, Regulatory Economics, Office of Accounting and Finance, NYS PSC*
- Determining the rate of return
  - Ratemaking for electric generation
- 15:30        Coffee break
- 15:45        **Regulatory Reporting Requirements**  
*Mr. Branimir Horaček, Director of Agency, CERA*
- Legal framework, objectives, reporting templates, frequency; availability of data; information withholding due to commercial confidentiality
- 16:30        **Regulatory Reporting in New York**  
*Mr. Mark Reeder, Chief, Regulatory Economics, Office of Accounting and Finance, NYS PSC*
- Legal framework, objectives, reporting templates, frequency; availability of data; information withholding due to commercial confidentiality
- 17:30        Adjourn

Overnight stay in Zagreb

**Friday, June 29**

**Sessions on Service Quality Regulation and Performance Monitoring; Low-income and Public Benefits Programs; Reliability Issues**

Breakfast in hotel

- 08:15        Meet in hotel lobby and transfer to the CERA offices
- 08:45        **Overview of Service Quality Regulation in NY**  
*Mr. Rajendra Addepalli, Chief of Resource Policy and Planning, Office of Electricity and Environment, NYS PSC*
- Metrics used to measure service quality
  - Incentive/Penalties used in ratemaking to accomplish goals
  - Staff monitoring of utility performance

- Consequences for poor performance

09:45 **Overview of Service Quality Regulation in Croatia**  
*Ms. Anja Stojančević, Department for Quality of Service and Consumer Protection, CERA*

10:30 Coffee break

10:45 **Public Benefit Programs: Energy Efficiency, Renewable Energy in Deregulated Energy Markets, and Treatment of Vulnerable (Low-Income) Customers**  
*Mr. Rajendra Addepalli, Chief of Resource Policy and Planning, Office of Electricity and Environment, NYS PSC*

- Public benefit programs in vertically-integrated and restructured markets
- System benefit programs and rate design issues
- NYS Renewable Portfolio Standard – Design features and early lessons learned
- Reliability impact of intermittent resources

12:00 Group lunch (Venue: Cafeteria of the Zagreb Technical University)

13:30 **Regulatory Treatment of Vulnerable (Low-Income) Customers**  
*Ms. Zrinka Roubin, Department for Quality of Service and Consumer Protection, CERA*

- Definitions and regulatory framework (mechanisms and policies) for preferential treatment
- Eligibility requirements; Conditions for granting the status
- Programs to assist low income consumers with their energy costs
- Rights and obligations of vulnerable customers
- Base level of service offered by the operator
- Return to the tariff system
- Funding sources
- Other mechanisms (government assistance programs) for vulnerable customers

14:15 **Demand Side Management – Economic Evaluation**  
*Mr. Mark Reeder, Chief, Regulatory Economics, Office of Accounting and Finance, NYS PSC*

- Description of metrics for measurement of benefits and costs
- Benefit Cost Analysis (Total Resource Cost test, Ratepayer Impact test etc)

15:15 Coffee break

15:30 **Issues in Reliability**  
*Mr. Rajendra Addepalli, Chief of Resource Policy and Planning, Office of Electricity and Environment, NYS PSC*

- Frequency and duration of outages

- Load shedding
- Dispute settlement with service providers
- Voltage Quality issues

16:30           **Discussion on the Activity Week and Planning of Future Exchanges;  
Review of Work plan**

17:00           Official meetings conclude

Farewell Dinner (Venue and Time TBD)

**Saturday, June 30**

Breakfast in hotel

Check-out from hotel  
NYS PSC and NARUC departures