

Resource Adequacy Conference Opening Remarks

Good morning, my name is Kevin Kelly. I'm with the Office of Market, Tariffs and Rates. In addition to the Commissioners who will be participating today, I have with me from the FERC Staff: *[name the staffers at the table]*.

The subject of today's conference is that part of the Commission's proposed SMD rule dealing with resource adequacy. The Commission made its proposal to provide a minimum framework to ensure that the level of regional resources planned for the future is adequate for reliable transmission and energy supply.

The proposed resource adequacy provision is designed to satisfy three criteria. First, the provision should be forward looking. That is, we should begin developing resources in time to have the resources available in the region when they are needed to avoid a period of shortage. Second, the resource adequacy provision should treat all resources equally, including resources for reducing demand. And third, because most regions have a mix of states with retail access and without retail access, the provision should work well in both types of states.

Today, we hope to hear how well our proposal meets these criteria, and, more important, we hope to hear alternative proposals for meeting these three criteria from our panelists.

Our purpose today is to have an exchange of views about the best way to design a resource adequacy requirement, and we want to explore whether

best way may be different from one region to another. We expect to learn a lot from the panelist's comments today, and we also expect that today's discussion will help all who listen to this conference to file better informed comments on January 10. With the diversity of views among panelists, it will be interesting to see if the beginning of a consensus view starts to emerge.

In our many outreach meetings, we have been struck by two trends. First, in regions that are made up mostly of states with retail choice programs, there have been many comments calling for a requirement with stronger enforcement than what the Commission proposed. Second, in regions that are made up mostly of states without retail choice programs, there have been many comments calling for a less intrusive new federal role. Because most regions have a mix of states with and without retail choice, we are especially interested today in discussing with the panelists how to satisfy these apparently conflicting comments in a typical region.

Before we begin, I'd like to go over a few procedural items. First, I want to say that many people requested an opportunity to sit at the table, and we were only able to accommodate some. However, we would like input from all who have something to say on resource adequacy. So I encourage you, if you haven't already, to submit concrete proposals in response to what you hear today. Those that are submitted will be made available on our web site at www.ferc.gov.

Second, the panels are not organized by subject so that each panel is free to explore the full range of resource adequacy issues, such as those identified in the notice of this conference. In that regard, we requested all panelists not only to discuss possible improvements to the SMD proposal but also to offer concrete alternative proposals.

We want to reserve as much panel time as possible for discussion so we have asked panelists to take no more than three minutes to give an overview of their positions on these issues. I would ask this panel and the later panels to try to limit the time describing your company and spend as much of your three minutes as possible setting out your ideas about resource adequacy for panel discussion.

Let's get started.