UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Solicitation Processes For Public Utilities Docket No. PL04-6-000

SUPPLEMENTAL NOTICE OF AGENDA FOR TECHNICAL CONFERENCE

(May 28 , 2004)

1. The attachment to this supplemental notice provides additional information concerning the technical conference to discuss issues associated with solicitation processes for power procurement on June 10, 2004 from 9:00 a.m. to 12:00 p.m. (EST) in the Commission's Meeting Room at the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, D.C. All interested persons are invited to attend. Microphones will be available to enable those in the audience to participate in the discussion as issues arise.

2. The conference will be transcribed. Those interested in acquiring the transcript should contact Ace Reporters at 202-347-3700 or 800-336-6646. Transcripts will be placed in the public record ten days after the Commission receives the transcripts. Additionally, Capitol Connection offers the opportunity for remote listening and viewing of the conference. It is available for a fee, live over the Internet, by phone or via satellite. Persons interested in receiving the broadcast, or who need information on making arrangements, should contact David Reininger or Julia Morelli at Capitol Connection (703-993-3100) as soon as possible or visit the Capitol Connection website at http://www.capitolconnection.org and click on "FERC."

3. For more information about the conference, please contact Mary Beth Tighe at 202-502-6452 or mary.beth.tighe@ferc.gov

Magalie R. Salas
Secretary

ATTACHMENT

SOLICITATION PROCESSES FOR PUBLIC UTILITIES
TECHNICAL CONFERENCE
JUNE 10, 2004 9:00 am – 12:00 pm (EST)
AGENDA

In Boston Edison Re: Edgar Electric Company, 55 FERC ¶ 61,382 (1991) (Edgar), the Commission held that in analyzing market-based rate transactions between an affiliated buyer and seller, the Commission must ensure that the buyer has chosen the lowest-cost supplier from among the options presented, taking into account both price and non-price terms. As such, Edgar addressed the concern in that case that utilities would choose to purchase power from their affiliates at inflated prices rather than at competitive levels from unaffiliated entities. The effect was that such higher costs could have been passed on to wholesale (as well as retail) customers. The Commission's Edgar policy, which has been in effect since 1991, involves a review of power purchase agreements between affiliates to determine whether the rate is just and reasonable and whether there is an absence of self-dealing. Recently, with the development of significant amounts of independent generation in every region, competitive alternatives to affiliate purchases have increased. Thus, the Commission is interested in having a discussion addressing the issues listed below.

Panelists will each be asked to address issues among the following in an overview followed by questions and general discussion:

1. Is the Commission's Edgar policy adequate to ensure that the most competitive power procurement choice is being made by utilities when affiliates are involved? Should the policy include a requirement for a competitive solicitation? If so, how should the solicitation be designed?

2. To the extent you have been involved in solicitation processes to date:
   - Please briefly describe the product solicited (e.g., power purchase agreement, dispatchable asset-backed contract, firm load-following power).
   - Was the competition on price only or also non-price factors?
   - How were the following treated: transmission service; FTRs; participation by affiliates, including the use of utility land/facilities?
   - Discuss creditworthiness screening, conduct of the bid/auction, post-bid negotiations, regulatory oversight, and independent observer.

3. Prior to initiating a competitive solicitation, should there be a collaborative process (outreach) to achieve consensus on issues with respect to the solicitation design and the evaluation criteria to be used? If so, what should be the characteristics of that collaborative process?

4. Are there ways to ensure that there is no preferential dealing among affiliates in soliciting and awarding power purchase agreements? If so, what safeguards should be included?

5. To what extent are transmission service and monopsony power factors in the competitive solicitation? What criteria should be established under the Commission's Edgar policy to ensure that all participants are treated in a non-discriminatory manner?

6. Should a market monitor or independent entity oversee the administration of solicitations in which affiliates are involved? To the extent a monitor is involved, what criteria should be established to ensure that the monitor is independent of all parties participating in the solicitation process? For example, how should the monitor be selected? By whom? To whom should the monitor report? Who should pay for the monitor's services?

7. Provide proposals for "best practice" competitive solicitation methods or principles that could be used to ensure that power transactions are the result of a fair, transparent and accurate process.

8. How can FERC and state regulators coordinate in the design and oversight of solicitation processes?

Panel I 9:00 a.m. – 10:30 a.m. (EST)

John Hilke, Federal Trade Commission
Craig Roach, Principal, Boston Pacific Company, Inc.
Harvey Reiter, Partner, Stinson, Morrison, Hecker LLP
Ron Walter, Executive Vice President - Development, Calpine Corporation
Ed Comer, Vice President and General Counsel, Edison Electric Institute

Break 10:30 a.m. – 10:45 a.m.

Panel II 10:45 a.m. 12:00 p.m.

Tom Welch, Chairman, Maine Public Utilities Commission
Elizabeth Benson, Energy Associates, CLECO Independent Monitor
Ershel Redd, President, Western Region, NRG
Ted Banasiewicz, Principal, USA Power LLC