

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Centralized Capacity Markets in Regional Transmission Organizations and Independent System Operators      Docket No. AD13-7-000

SUPPLEMENTAL NOTICE OF TECHNICAL CONFERENCE

(August 23, 2013)

As announced in the Notice issued on June 17, 2013, and the Supplemental Notice issued on July 19, 2013, the Federal Energy Regulatory Commission (Commission) staff will hold a technical conference on September 25, 2013 from 9:00 a.m. to approximately 5:00 p.m., to consider how current centralized capacity market rules and structures in the regions served by ISO New England Inc. (ISO-NE), New York Independent System Operator, Inc. (NYISO), and PJM Interconnection, L.L.C. (PJM) are supporting the procurement and retention of resources necessary to meet future reliability and operational needs.<sup>1</sup> The conference will be held at the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426. This conference is free of charge and open to the public. Commission members may participate in the conference.

A final agenda for this conference, including speakers, is attached.

The first session will provide an opportunity for each of the eastern Regional Transmission Organizations (RTOs)/Independent System Operators (ISOs) to give a 15 minute presentation. The Independent Market Monitors will then be provided ten minutes to provide an independent assessment of each market.

In sessions two, three and four, panelists will not give opening remarks; instead, they will respond to questions posed by Commissioners and staff. Those panelists are required to file written statements by Monday, September 9, 2013. These statements will be available prior to the conference on the Commission's web site, <http://www.ferc.gov/EventCalendar/EventDetails.aspx?ID=6944&CaIType=%20&CalendarID=116&Date=09/25/2013&View=Listview>.

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<sup>1</sup> While the Commission recognizes that other regions are considering similar issues, this technical conference will focus solely on the centralized capacity markets in the ISO-NE, NYISO, and PJM regions. The Commission may convene conference(s) on capacity market issues in other regions at other times.

Each RTO/ISO will have a representative available throughout the day to answer any technical questions. RTO/ISO representatives will also have an opportunity to respond to ideas presented in the final session regarding considerations for the future.

Following the conference, the Commission plans to issue a Notice with follow-on questions for public comment.

In addition to this Supplemental Notice, staff is issuing in this docket a Staff Report, "Centralized Capacity Market Design Elements." In the report, staff examines a set of design elements present in the centralized capacity markets operated by ISO-NE, NYISO and PJM. The report summarizes the approaches taken by each of these RTOs/ISOs with respect to these design elements and discusses the impact particular market design choices can have on the procurement of capacity resources. This review of the mechanics of current market operations is intended to provide a common foundation for broader discussions regarding the operation of the eastern RTO/ISO centralized capacity markets. The Staff Report can be found on the Commission's web site, <http://www.ferc.gov/EventCalendar/EventDetails.aspx?ID=6944&CaIType=%20&CalendarID=116&Date=09/25/2013&View=Listview>.

The technical conference will be transcribed. Additionally, there will be a free webcast of the conference. The webcast will allow persons to listen to the technical conference, but not participate. Anyone with Internet access who wants to listen to the conference can do so by navigating to the Calendar of Events at [www.ferc.gov](http://www.ferc.gov) and locating the technical conference in the Calendar. The technical conference will contain a link to its webcast. The Capitol Connection provides technical support for the webcast and offers the option of listening to the meeting via phone-bridge for a fee. If you have any questions, visit [www.CapitolConnection.org](http://www.CapitolConnection.org) or call 703-993-3100.<sup>2</sup>

While this conference is not for the purpose of discussing specific cases, we note that the discussions at the conference may address matters at issue in the following Commission proceeding(s) that are either pending or within their rehearing period:

#### ISO-NE

- ISO New England Inc. Docket No. ER13-2149
- ISO New England Inc. Docket No. ER13-2110
- ISO New England Inc. Docket No. ER13-1880
- ISO New England Inc. Docket No. ER13-1877
- ISO New England Inc. Docket No. ER13-1851

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<sup>2</sup> The webcast will continue to be available on the Calendar of Events on the Commission's website [www.ferc.gov](http://www.ferc.gov) for three months after the conference.

- ISO New England Inc. Docket No. ER13-1742
- Dominion Energy Marketing, Inc. Docket No. ER13-1291
- ISO New England Inc. Docket No. ER12-1627
- ISO New England Inc. Docket No. ER12-953
- Dominion Energy Marketing, Inc. Docket No. EL13-72
- New England Power Generators Association  
v. ISO New England Inc. Docket No. EL13-66
- New England States Committee on Electricity  
v. ISO New England Inc. Docket No. EL13-34

### NYISO

- New York Independent System Operator, Inc. Docket No. ER13-1380
- New York Independent System Operator, Inc. Docket No. ER12-2414
- New York Independent System Operator, Inc. Docket No. ER12-360
- New York Independent System Operator, Inc. Docket No. ER10-2371
- Independent Power Producers of New York, Inc.  
v. New York Independent System Operator, Inc. Docket No. EL13-62
- Hudson Transmission Partners, LLC  
v. New York Independent System Operator, Inc. Docket No. EL12-98
- Astoria Generating Company, L.P., et al. v.  
New York Independent System Operator, Inc. Docket No. EL11-50
- Astoria Generating Company, L.P., et al.  
v. New York Independent System Operator, Inc. Docket No. EL11-42
- New York Independent System Operator, Inc. Docket No. EL07-39

### PJM

- PJM Interconnection, L.L.C. Docket No. ER13-2140
- PJM Interconnection, L.L.C. Docket No. ER13-2108
- PJM Interconnection, L.L.C. Docket No. ER13-535
- Viridity Energy, Inc.  
v. PJM Interconnection, L.L.C. Docket No. EL12-54

Information on the technical conference will be posted on the Commission's web site, <http://www.ferc.gov/EventCalendar/EventDetails.aspx?ID=6944&CaIType=%20&CalendarID=116&Date=09/25/2013&View=Listview>, prior to the conference.

Commission conferences are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations, please send an email to [accessibility@ferc.gov](mailto:accessibility@ferc.gov) or call toll free 1-866-208-3372 (voice) or 202-502-8659 (TTY), or send a FAX to 202-208-2106 with the required accommodations.

For more information about the technical conference, please contact:

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**Centralized Capacity Markets in Regional Transmission Organizations and  
Independent System Operators  
Docket No. AD13-7-000  
September 25, 2013**

**Final Agenda**

**9:00am – 9:15am            Welcome and opening remarks**

**9:15am – 11:00am        The role of centralized capacity markets in assuring  
resource adequacy**

In the first morning session, ISO New England Inc. (ISO-NE), New York Independent System Operator, Inc. (NYISO), and PJM Interconnection, L.L.C. (PJM) will provide a brief overview of the goals and basic structure of their respective centralized capacity markets, including a discussion of why each region chose key market design elements and how each market is achieving its stated goals. Each Regional Transmission Organization (RTO)/Independent System Operator (ISO) will have 15 minutes to make its presentation. Independent Market Monitors for each RTO/ISO will be provided ten minutes to provide their independent assessment of the functioning of the capacity market.

A representative from each RTO/ISO and the Independent Market Monitors will be present during the subsequent panels to answer technical questions that arise.

Panelists should be prepared to discuss the following topics and questions:

1. What are the key goals of the existing centralized capacity market in your region?
2. How successful has the current capacity market design been in meeting those goals?
3. What are the metrics used to measure the success of the centralized capacity market?

4. What design elements are key to the functioning of the centralized capacity market in your region? How were those elements derived? How have those elements evolved over time? How does capacity market design account for the interrelationship between design elements?
5. Going forward, what are the key challenges facing centralized capacity markets in your region? How is each RTO/ISO going about addressing those challenges?

### **Panelists**

1. Robert Ethier, ISO-NE
2. Rana Mukerji, NYISO
3. Andy Ott, PJM
4. Joe Bowring, Monitoring Analytics
5. David Patton, Potomac Economics

### **11:00am – 12:30pm            Mechanics of current centralized capacity markets**

The second morning session will address basic design elements of centralized capacity markets, such as the forward commitment period, the demand curve and the establishment of locational and regional planning requirements, as well as the interaction among these design elements with energy and ancillary services markets. Panelists will be asked to address these issues in the context of the goals and objectives of the centralized capacity markets.

Panelists should be prepared to discuss the following topics and questions:

1. How effective are the existing centralized capacity markets in assuring that resource adequacy needs are met at just and reasonable rates?
2. What modifications, if any, would you recommend be made to capacity markets in general or to specific capacity market design elements?
3. Centralized capacity market design elements necessarily interact with each other and with the energy and ancillary services markets. Are there problems created by this interaction that should be addressed to improve the functioning of centralized capacity markets or energy markets?
4. Regional capacity markets also interact with each other. What are the implications of regional differences in capacity market designs?
5. What is the impact on centralized capacity markets of transmission system upgrades and expansions? Can transmission planning be more effectively integrated with or accounted for in the design elements of centralized capacity markets?

## **Panelists**

1. David Brewster, EnerNOC
2. Lee Davis, NRG Energy Inc.
3. Julien Dumoulin-Smith, UBS Investment Research
4. James Jablonski, Public Power Association of New Jersey
5. Richard Miller, ConEd
6. Roy Shanker, Independent Consultant
7. Todd Snitchler, Chairman, Public Utilities Committee of Ohio

**12:30pm – 1:30pm            Lunch**

**1:30pm – 3:00pm            Adapting to industry changes**

The first afternoon session builds on the previous panel and introduces for discussion the impact of state and federal policy considerations and emerging technologies on the goals and objectives of centralized capacity markets. Panelists will be asked to identify current and potential policy drivers (e.g., environmental regulations, renewable portfolio standards, state resource planning policies, emerging technologies and fuels such as shale gas, price responsive demand and electric storage) and address their impacts on centralized capacity markets.

Panelists should be prepared to discuss the following topics and questions:

1. Do centralized capacity markets effectively accommodate various federal and state policies, such as state resource planning policies, renewable portfolio standards, and compliance with environmental regulations? If not, how can such policy considerations be better accommodated in centralized capacity market design?
2. Are there specific aspects of capacity market design or specific capacity market design elements that create barriers to effective implementation of federal or state resource procurement, planning, energy or environmental policies?
3. Are there aspects of centralized capacity market designs that create barriers to entry for new and emerging technologies to participate in centralized capacity markets? If so, how can those barriers be addressed?
4. How does the changing resource mix (i.e., increased reliance on natural gas-fired generation, increasing market share for variable energy resources and emerging technologies such as distributed resources, and demand response) impact the centralized capacity markets?

## **Panelists**

1. Jeffrey Bentz, New England States Committee on Electricity
2. Robert Erwin, General Counsel, Maryland Public Service Commission
3. James Holodak, National Grid
4. Judith Judson, Electricity Storage Association
5. Shahid Malik, PSEG Energy Resources and Trade
6. William Massey, COMPETE Coalition
7. John Moore, The Sustainable FERC Project
8. Ed Tatum, Old Dominion Electric Cooperative

**3:00pm – 3:15pm                      Break**

**3:15pm – 4:45pm                      Considerations for the future**

The second afternoon session will address potential future directions for centralized capacity markets as a resource adequacy mechanism. This panel will focus on whether new mechanisms and design tools could prospectively augment, supplement or substitute for typical centralized capacity market design elements in order to meet current and anticipated market challenges, and how capacity markets can accommodate evolving market developments and future risks. The RTOs/ISOs will be given an opportunity to respond to panelists' comments and address implementation issues.

Panelists should be prepared to discuss the following topics and questions:

1. What are the main challenges facing centralized capacity markets today or that can be anticipated going forward? Are the current centralized capacity market designs able to effectively manage those challenges? If not, what change in current design elements should be pursued going forward?
2. In order to achieve resource adequacy goals, should centralized capacity markets be expected to meet specific reliability and operational system needs (i.e., accommodating new and emerging technologies such as variable energy resources, distributed resources, or demand-side resources)? If so, how should capacity markets be designed to procure resources with specific operational attributes and what should those attributes be?
3. Going forward, should centralized capacity markets be designed to meet additional or different goals than those established to date?

## **Panelists**

1. Peter Cramton, University of Maryland
2. Michael Hogan, The Regulatory Assistance Project
3. Susan Kelly, APPA
4. Michael Schnitzer, Northbridge Group, EPSA
5. Sue Tierney, Analysis Group
6. James Wilson, Wilson Energy Economics

## **Respondents**

1. ISO-NE
2. NYISO
3. PJM

**4:45pm – 5:00pm** Wrap up and closing remarks