

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners:

Conference on Supply Margin Assessment

Docket No. PL02-8-000

AEP Power Marketing, Inc., AEP Service Corporation, CSW Power Marketing, Inc., CSW Energy Services, Inc., and Central and South West Services, Inc.

Docket Nos. ER96-2495-016, ER97-4143-004, ER97-1238-011, ER98-2075-010, and ER98-542-006
(Not consolidated)

Entergy Services, Inc.

Docket No. ER91-569-018

Southern Company Energy Marketing L.P.

Docket No. ER97-4166-010

SUPPLEMENTAL NOTICE OF TECHNICAL CONFERENCE
ON SUPPLY MARGIN ASSESSMENT SCREEN AND ALTERNATIVES

(January 9, 2004)

1. The December 19, 2003 Notice of Technical Conference in this proceeding indicated that a technical conference will be held on January 13-14, 2004 from 9:30 a.m. to 4 p.m. in the Commission Meeting Room of the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. The agenda for the technical conference is set forth in the Attachment to this notice.

2. The December 19, 2003 Notice of Technical Conference indicated that transcripts of the proceeding will be available for the public on the Commission's e-Library two weeks after the conference. Please note, however, that the transcripts will be available one week after the conference. In addition, Capitol Connection offers the opportunity for remote listening as well as viewing of the conference for a fee. Persons interested in this service should contact David Reininger or Julia Morelli at the Capitol Connection (703-993-3100) as soon as possible or visit the Capitol Connection website at <http://www.capitolconnection.gmu.edu> and click on "FERC."

Magalie R. Salas
Secretary

SUPPLY MARGIN ASSESSMENT
TECHNICAL CONFERENCE AGENDA

January 13, 2004 - Morning Session

9:30 a.m.-12:00 p.m. Panel 1: Discussion on Defining the Relevant Geographic Markets, Including Transmission Considerations

- Opening Comments and Introduction by Staff
- Presentations and Reactions by Panelists
 1. Joe Pace, Director, LECG, LLC
 2. John Apperson, Director of Trading, PacifiCorp
 3. Jesse Tilton, CEO of ElectriCities of NC
 4. Ricky Biddle, Vice President of Planning, Rates and Dispatching, Arkansas Electric Cooperative
 5. Ron McNamara, Vice President of Regulatory Affairs and Chief Economist, MISO
 6. Steven Corneli, Director of Regulatory Affairs, NRG Energy, Inc.
- Open Microphone

This session will include a discussion of how transmission should be accounted for in the context of the interim generation dominance analysis and statutory deadlines.

Transmission affects which generators are in the market, and how they should be accounted for in a screen. There is some overlap between this session and the afternoon session.

Specific topics to be discussed in this session include the following:

1. Should the relevant geographic market be defined as the control area?
More broadly? More narrowly? Where can reliable data be found for markets that are not defined using control areas?
2. How to account for load pockets inside and outside of RTOs/ISOs
3. How to account for transmission limitations
 - TTC, ATC, Historical
 - What is the public source of the information used
4. How to account for competing supplies
5. How much transmission capacity should be included in the analysis where transmission providers (whose control over transmission has not been transferred to an RTO or ISO) calculate the capacity and also participate in generation markets?

6. Where transmission or other operating constraints exist within a control area (such that some generators are not able to run to their maximum rated capacity), what percent of these generators' capacity should be included as participating in the market?

12:00 p.m. – 1:00 p.m. Lunch

January 13, 2004 – Afternoon Session

1:00 p.m. – 4:00 p.m. Panel 2: Discussion of the Appropriate Interim Generation Dominance Screen

- Opening Comments and Introduction by Staff

- Presentations and Reactions by Panelists
 1. Bill Marshall, Vice President of Fleet Operations and Trading, Southern Company
 2. Steve Henderson, Vice President, Charles River Associates
 3. Michael Wroblewski, Assistant General Counsel for Policy Studies, Federal Trade Commission
 4. Bob Stibolt, Senior Vice President of Risk Management, Tractebel Corporation
 5. Gary Ackerman, Executive Director, Western Power Trading Forum
 6. Denise Goulet, Senior Assistant Consumer Advocate, Pennsylvania Office of the Consumer Advocate

- Open Microphone

This session will include a discussion of Staff's proposed interim generation dominance screens and alternative proposals offered by others.

Specific topics to be discussed in this session include the following:

1. Which approach is preferable for the interim screen: pivotal supplier? market share? other?
 - should the analysis be applied on a monthly or annual basis
 - whether and how to capture generators' ability to withhold on non-peak days or over a sustained period of time
2. How to determine capacity (installed and/or uncommitted)
3. How to determine "opportunity" demand under the Wholesale Market Share screen
4. Whether and under what circumstances to adopt an ISO/RTO exemption

January 14, 2004 – Morning Session**9:30 a.m. – 12:00 p.m. Panel 3: Discussion of the Appropriate Mitigation Measures for Those That Fail the Applicable Screen**

- Opening Comments and Introduction by Staff
- Presentations and Reactions by Panelists
 1. Bill Hieronymus, Vice President, Charles River Associates
 2. Bill Dudley, Assistant General Counsel of Xcel Energy Services Inc.
 3. Pat Alexander, Energy Industry Advisor, Dickstein Shapiro Morin & Oshinsky
 4. Don Sipe, Counsel with Preti Flaherty
 5. Robert O’Neil, General Counsel, Golden Spread Electric Cooperative
 6. Craig Roach, Partner, Boston Pacific Company
- Open Microphone

This session will include a discussion of Staff’s Proposed Price Mitigation Measures (Cost-Based Rates and Single Market Clearing Price) as well as alternatives proposed by others. Specific topics to be discussed in this session include the following:

1. Which approach is preferable (cost-based rate, single market clearing price, or other), and to what products should the price mitigation apply
2. Over what time period should price mitigation be applied (monthly, seasonally, daily)
3. Posting of Incremental/Decremental costs
4. Other mitigation proposals (different from Staff’s proposals)
5. Revocation of market-based rate authority or use of formula rates
6. Whether utilities that fail the interim generation dominance screen should be allowed to propose their own remedy
7. The extent to which control of transmission may create opportunities for affiliate abuse or convey market power to those that own generation in the same market (and if so, should such entities be required to hand over control of transmission system to a third party)
8. Is mitigation only needed in the short term, or should it also apply in the long term (e.g., long-term contract mitigation)
9. Adopting a formula that sets a generic area-wide rate cap (e.g., using a cost of capital set by the state commission(s))

12:00 p.m. – 1:00 p.m. Lunch**January 14, 2004 – Afternoon Session****1:00 p.m. – 4:00 p.m. Panel 4: Data Concerns and Miscellaneous Issues**

- Opening Comments and Introduction by Staff
- Presentations and Reactions by Panelists
 1. Rodney Frame, Managing Partner, Washington Office of Analysis Group
 2. Joe Pace, Director, LECG, LLC
 3. Seabron Adamson, Director, Tabors, Caramoni & Associates
 4. William Townsend, Senior Director of Database and Spatial, Platt's Energy Information and Trading Services
 5. Steve Schleimer, Director of Market and Regulatory Affairs, Calpine Corp.
- Open Microphone

Specific topics to be discussed in this session include the following:

1. Restrictions on data access, related to security concerns or critical infrastructure (including confidentiality issues)
2. Data Concerns
 - supply, demand (native load), outages, accuracy of FERC forms
 - public accessibility to information used, and cost to obtain it
 - accuracy of and access to OASIS postings
3. Definitions and conforming to NERC terms where possible
4. How should the generation dominance screen be used – as a definitive test or an indicative test? If indicative, does screen failure result in a hearing or additional studies?
5. Should the Commission consider other measures of market power in generation markets in determining whether to grant market-based rate authority (e.g., monopsony power)?