

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Capacity Markets in the PJM Region

Docket No. PL05-7-000

PJM Interconnection, LLC

Docket No. EL03-236-000 *et al.*

PJM Interconnection, LLC

ER04-539-000 *et al.*

SUPPLEMENTAL NOTICE OF TECHNICAL CONFERENCE

(June 8, 2005)

On May 19, 2005, a notice was issued in Docket No. PL05-7-000<sup>1</sup> announcing that a technical conference will be held June 16, 2005, to discuss the capacity markets currently in use in the PJM Interconnection, L.L.C. (PJM) region. The notice indicated that the technical conference is intended to provide a forum through which federal and state regulators and participants in the PJM market may come to a common understanding of the current PJM capacity situation, the problems perceived in the market and what deficiencies, if any, exist in the current PJM market construct that contribute to, or do not properly address, those perceived problems, and potential alternative solutions. Members of the Federal Energy Regulatory Commission, state public utilities commissions, and their respective staffs are expected to participate. This supplemental notice provides additional information and an agenda for the conference.

The morning session of the conference will be focused on general capacity market objectives, how PJM's current capacity market meets those objectives, and alternative approaches under consideration, including PJM's Reliability Pricing Model (RPM) proposal. The afternoon session will address specific elements of a capacity market, including whether and how transmission planning and load response can be integrated with the capacity market as well as procurement issues, such as the shape of the demand curve and the appropriate role for PJM. Discussion during the afternoon should address how the elements of the various alternative proposals compare with regard to those elements.

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<sup>1</sup> This notice also includes additional dockets, listed in the caption, that relate to issues that may be discussed.

The conference is open for the public to attend and advance registration is not required.

Transcripts of the conference will be immediately available from Ace Reporting Company (202-347-3700 or 1-800-336-6646) for a fee. They will be available for the public on the Commission's eLibrary system seven calendar days after FERC receives the transcript. 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 the Capitol Connection (703-993-3100) as soon as possible or visit the Capitol Connection website at <http://www.capitolconnection.org> and click on "FERC."

FERC conferences are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations please send an e-mail to [accessibility@ferc.gov](mailto:accessibility@ferc.gov) or call toll free 866-208-3372 (voice) or 202-208-1659 (TTY), or send a FAX to 202-208-2106 with the required accommodations.

For additional information, please contact Morris Margolis at (202) 502-8611; [morris.margolis@ferc.gov](mailto:morris.margolis@ferc.gov), or Sarah McKinley at (202) 502-8004, or [sarah.mckinley@ferc.gov](mailto:sarah.mckinley@ferc.gov).

Magalie R. Salas  
Secretary

**Capacity Markets in the PJM Region  
Docket No. PL05-7-000**

**June 16, 2005**

**Technical Conference Agenda**

- 9:00 a.m. I. Opening Remarks and Introductions
- II. General Capacity Market Objectives and PJM
- Objectives of a capacity market  
Interrelationship with other markets  
Does PJM's current capacity construct meet those objectives?  
Should there be an "exit strategy" for the capacity market?  
i.e., are capacity markets a short term fix?  
If so, how to design an exit strategy?
- Panelists:  
Joseph Bowering, Manager, PJM Market Monitoring Unit  
Elizabeth Anne Moler, Executive Vice President, Exelon Corp.  
Thomas Shaw, Executive Vice President and COO, PEPCO  
Holdings, Inc.  
Bob Weishaar, PJM Industrial Customer Coalition  
Patrick McCullar, President and CEO, Delaware Municipal  
Electric Corp.  
Lynne Kiesling, Northwestern University and the International  
Foundation for Research in Experimental Economics  
Brian Chin, Energy Merchant Analyst, Smith Barney  
Roy Shanker
- III. Description of Alternative Capacity Market Proposals
- Andy Ott, Vice President, Market Services, PJM – PJM's Reliability  
Pricing Model (RPM)  
Ed Tatum, Old Dominion Electric Cooperative – Enhanced  
Integrated Transmission and Capacity Construct (EITCC)  
Tom Hyzinski, PPL Corporation – PPL Resource Adequacy Market  
Proposal

Lunch Break

#### IV. Capacity Market Elements

##### Panel 1: Transmission Planning

Planning horizon time frame  
Role of “reliability must run”, or RMR agreements  
Transmission investment triggers  
“Granularity” of locational requirements

##### Panelists:

Steve Herling, Executive Director, System Planning, PJM  
Craig Baker, Senior Vice President, Regulatory Services, AEP  
Laurie Oppel, Navigant Consulting  
Gary Sorenson, Managing Director, Energy Operations, PSEG Energy  
Resources and Trade, L.L.C.  
George Owens, Downes Associates, Inc.

##### Panel 2: Procurement

Shape of demand curve (i.e., vertical or sloped)  
Penalty structure  
Timing of forward obligations/procurement  
Role of PJM in procurement  
Impact on retail access  
Impact on long term bilateral contracting  
Facilitation of demand response, including annual v. peak  
pricing

##### Panelists:

Tom Welch, Market Strategy, Market Services Division, PJM  
Ben Hobbs, Johns Hopkins University  
Reem Fahey, Regional V.P. of Market Policy, Edison Mission Energy  
Jon Wallach, on behalf of Maryland Peoples’ Counsel  
John Orr, Director, Reliant Energy  
Steve Wemple, Director, ConEdison Energy  
Stephen Fernands, Customized Energy Solutions  
Mark Scott, Old Dominion Electric Cooperative

4:00 p.m. Recap

5:00 p.m. Adjourn