

**Advanced Workshop in Regulation and Competition**

# **35th Annual Eastern Conference**

**Shawnee Inn & Golf Resort, Shawnee on Delaware, Pennsylvania, May 11-13, 2016**

The Conference features some of the latest developments in the telecommunications and energy sectors, including:

- Policy and Regulatory Issues
- Postal and Telecommunications
- Market Structure & RTOs
- Performance & Reliability
- Demand Response

Who should attend?

- Industry Economists, Attorneys and Consultants
- Marketing and Regulatory Managers
- Regulatory Commission Staff

Dinner Speakers: William Kovacic and Victor Glass

**C**ENTER FOR  
**R**ESearch IN  
**R**EGULATED  
**I**NDUSTRIES

**RUTGERS**

## **CENTER FOR RESEARCH IN REGULATED INDUSTRIES**

The *Center for Research in Regulated Industries*, located at Rutgers University, aims to further study of regulation in economics, finance, and institutions. Its publications, seminars, workshops, and courses make available the latest advances to academics, managers, and regulatory commission staff. The Center has over thirty-five years of experience providing research, instruction, conferences, courses, seminars, and workshops in economics of network industries. The Center's *Journal of Regulatory Economics* is an international scholarly bi-monthly publication intended to provide a forum for the highest quality research in regulatory economics. Other research from the Center's programs has been published in the book series *Topics in Regulatory Economics and Policy* and *Advances in Regulatory Economics*.

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# 35th ANNUAL EASTERN CONFERENCE

UPDATED May 19, 2016

## WEDNESDAY, MAY 11, 2016

3:00 - 4:00	Registration	<i>Waring Room</i>
4:00 - 6:00	Welcome to Conference: Victor Glass	<i>Waring Room</i>
	<b>Tim Brennan:</b> Merger Conditions in Regulated Industries	
	<b>Karl A. McDermott:</b> Regulatory Lag and the Incentives Question – Fact, Fiction and Myth	
	<b>William E. Kovacic and David A. Hyman:</b> Regulatory Leveraging	
6:00 - 7:00	Cocktail Hour	<i>Worthington Ballroom</i>
7:00 – 9:00	<b>Dinner &amp; Speech: William E. Kovacic</b>	<i>Worthington Ballroom</i>

## THURSDAY, MAY 12, 2016

8:30 - 10:00	<b>Concurrent Sessions</b>			
	<b>MARKET PLATFORM</b>	<i>Waring Room</i>	<b>POSTAL REGULATORY REVIEW</b>	<i>Payette Room</i>
	Chair: Tim Mount		Chair: Emil Dzuray	
	Discussants: John Woodward & Seth Blumsack		Discussants: Keith Weidner	
	<b>John Caldwell:</b> The “Transactive” Electricity Grid – An Appraisal		<b>Robert A.F. Reisner:</b> Seeing the Whole Board – Implications of the Coming Fight for the Front Door	
	<b>Chiara Lo Prete:</b> Uneconomic Virtual Bidding and Price Manipulation – An Application of Strategic Trader Models to Multi-Settlement Electricity Markets		<b>Larry Buc and Michael Scanlon:</b> An Opportunity to Enhance Postal Efficiency – Worksharing and the 701 and 10-Year Reviews	
	<b>Hung-po Chao:</b> Rethinking Energy and Capacity Markets		<b>Tim Brennan and Michael Crew:</b> PAEA after 10 years – Time for Change	
10:00 - 10:20	Coffee Break			
10:20 - 11:50	<b>Concurrent Sessions</b>			
	<b>REGULATORY INITIATIVES IMPACTS</b>	<i>Waring Room</i>	<b>POSTAL EFFICIENCY</b>	<i>Payette Room</i>
	Chair: John Caldwell		Chair: Larry Buc	
	Discussants: Sheldon Switzer		Discussants: Marc Smith & Lyudmila Bzhilyanskaya	
	<b>Andrea Okie et al:</b> The Economic Impacts of the Regional GHG Initiative on Nine Northeast and Mid-Atlantic States		<b>Brian Palmer:</b> The U.S. Postal Service’s Catch-22 – Negotiating against Terminal Dues in the Ecommerce Age	
	<b>Sharon Brown-Hruska and Trevor Wagener:</b> Comparative Cost-Benefit Analysis of Proposed and Final Margin Requirements for Uncleared Swaps		<b>Michael Bradley, Jeff Colvin, and Mark K Perkins:</b> The Role of a SOE in a Concentrated Delivery Services Market	
	<b>Sean P. Isakower:</b> Spatial Competition and Edgeworth Price Cycles in a Retail Energy Market		<b>Kirk Kaneer; Benjamin Gough; &amp; Margaret Cigno:</b> The Real Cost of Mail – A Consumer Perspective	
11:50 - 12:55	Lunch			<i>Worthington Ballroom</i>
12:55 - 2:25	<b>Concurrent Sessions</b>			
	<b>DISTRIBUTED ENERGY RESOURCES I</b>	<i>Waring Room</i>	<b>POSTAL MARKETING</b>	<i>Payette Room</i>
	Chair: James Cater		Chair: Leo Tudela	
	Discussants: Howard Spinner & Kurt Strunk		Discussants: Omari Miller & Brian Palmer	
	<b>Alan Finder:</b> Avoiding Incentives for Customer-owned Storage when Adjusting Renewable Feed-in Tariff Rates		<b>John Althen:</b> Neuroscience and Advertising Mail in the Digital Age	
	<b>U Helman; J. Eichmann; P. Denholm, and J. Jorgenson:</b> Economic Benefits of Energy Storage under California’s Storage Mandate		<b>Jody Berenblatt and Jessica Dauer Lowrance:</b> The Changing Mail Moment	
	<b>Aberto Lamadrid, W. Jeon, H. Lu and Tim Mount:</b> Using a Receding-Horizon Optimization to Manage Renewable Generation Efficiently I: Centrally Controlled Storage Capacity		<b>Jessica Raines; Paola Piscioneri; and Jean Philippe Ducasse:</b> Building Smart Communities through the Internet of Postal Things	
2:25 - 2:30	Break			

## THURSDAY, MAY 12, 2016 (CONTINUED)

### 2:30 - 4:00 Concurrent Sessions

#### **DISTRIBUTED ENERGY RESOURCES II** *Waring Room*

Chair: Howard Spinner

Discussants: Sheldon Switzer & Kurt Strunk

**David Brown and David Sappington:** Optimal Policies to Promote Efficient Distributed Generation of Electricity

**Shmuel S. Oren and Clay Campaigne:** Firming Renewable Power with Demand Response: An End-to-end Aggregator Business Model

**Eric Ackerman and Eric Woychik:** Assessing Electric Utility Potential for a Distributed Energy Future – Scope and Scale from Value-Added Integration and Optimization

#### **TELECOM/INTERNET REGULATION** *Payette Room*

Chair: Jeff Colvin

Discussants: Joan Calzada and Joseph Fuhr

**Victor Glass:** Regulation of the Internet – An Overview and Assessment

**Tim Brennan:** The Post-Internet Order Broadband Sector – Lessons from The Pre-Open Internet Order Experience

**Timothy J. Tardiff:** Recent Developments in Pole Attachment Regulation

4:00 Exercise Break

6:00 - 7:00 Cocktail Hour

*Worthington Ballroom*

7:00 – 9:00 **Dinner & Speech: Victor Glass**

*Worthington Ballroom*

## FRIDAY, MAY 13, 2016

### 9:00 - 10:30 Concurrent Sessions

#### **TRANSMISSION** *Waring Room*

Chair: Pradip Chattopadhyay

Discussants: Tim Fagan

**Rimvydas Baltaduonis, Nathan Blyler and James Myers:**

Risk and Abnormal Returns in Markets for Financial Transmission Rights

**Seth Blumsack, Nicholas Johnson, and Kyungjin Yoo:** Voting Behavior in Regional Transmission Organizations

**Hung-po Chao and Robert Wilson:** Coordination of Electricity Transmission and Generation Investments: Strategies, Incentives and Welfare Impacts

#### **NEW REGULATORY FRAMEWORK** *Payette Room*

Chair: Tom Frantz

Discussants: Ross C. Hemphill

**Glenn R. George, Joel E. Simkins, and Alan Finder:**

Reviving Operating Ratio Regulation

**Agustin J. Ros:** Determinants of Total Factor Productivity Growth in U.S. Electricity Distribution and the Effects of Price Cap Regulation

**Michael Crew and Rami Kahlon:** Franchising Revisited: Developments in the Water Sector

10:30 - 11:00 Coffee Break

### 11:00-12:30 Concurrent Sessions

#### **NEW REGULATORY FRAMEWORK FOR THE MODERN GRID** *Waring Room*

Chair: Hung-po Chao

Discussants: A. Thomas Bozzo & Craig Glazer

**Carl R. Peterson:** Regulation 2.0 – Implications of Electric Utility Modernization

**Ross C. Hemphill:** Performance-Based Formula Ratemaking for Tomorrow's Distribution Services

**Menahem Spiegel:** Private Asymmetric Information in a Regulated Monopoly Environment

#### **NEW PLATFORM RESEARCH TOPICS:** *Payette Room*

Chair: Glenn R. George

Discussants: Tim Brennan

**Howard Haas:** Overview of Current Issues in Regional Transmission Organizations

**Joan Calzada Aymerich and Markos Tselekounis:** Network Neutrality in a Hyperlinked Internet Economy

**Matt McCaffree:** The Changing Regulatory Business Model

12:30 – 12:35 Closing Remarks: Victor Glass

12:35 – Lunch

*Worthington Ballroom*

**SPEAKERS DISCUSSANTS & CHAIRS**

**Eric Ackerman**, Director, Alternative Regulation, Edison Electric Institute

**John Althen**, Public Policy Analyst, USPS – OIG

**Rimvydas Baltaduonis**, Associate Professor of Economics, Gettysburg College

**Jody Berenblatt**, Senior Advisor, GrayHair Advisors

**Seth Blumsack**, Associate Professor, Pennsylvania State University

**A. Thomas Bozzo**, Vice President, Christensen Associates

**Tim Brennan**, Professor of Policy & Economics, University of Maryland Baltimore County

**David Brown**, Assistant Professor, University of Alberta

**Sharon Brown-Hruska**, Visiting Professor of Finance, Tulane University

**Larry Buc**, President, SLS Consulting, Inc.

**Lyudmila Bzhilyanskaya**, Senior Econometrician, U.S. Postal Regulatory Commission

**John Caldwell**, Director of Economics, Edison Electric Institute

**Joan Calzada**, Associate Professor, University of Barcelona

**James Cater**, Director of Economic and Financial Policy, American Public Power Association

**Hung-po Chao**, President, Energy Trading Analytics

**Pradip Chattopadhyay**, Asst. Consumer Advocate, New Hampshire Office of Consumer Advocate

**Jeff Colvin**, Director, USPS – OIG

**Michael A. Crew**, CRRRI Distinguished Professor of Regulatory Economics, Rutgers University

**Emil Dzuray**, Director of Strategic Planning, USPS

**Tim Fagan**, Director of Public Policy, PSE&G

**Alan Finder**, Managing Director, Global Regulatory Advisors

**Tom Frantz**, Director, Electric Division, New Hampshire Public Utilities Commission

**Joseph Fuhr**, Professor, Economics, Widener University

**Glenn R. George**, Senior Vice President, NERA Economic Consulting

**Victor Glass**, Director – CRRRI and Professor of Professional Practice, Rutgers University

**Craig Glazer**, Vice President, Federal Government Policy, PJM Interconnection

**Howard Haas**, Chief Economist, Monitoring Analytics LLC

**Udi Helman**, Consultant

**Ross C. Hemphill**, RCHemphill Solutions, LLC

**Sean P. Isakower**, Associate Economist, New York State Department of Public Service

**Kirk Kaneer**, Economist, USPS – OIG

**William E. Kovacic**, Global Competition Professor of Law and Policy, George Washington University Law School

**Alberto J. Lamadrid**, Assistant Professor of Economics, Lehigh University

**Chiara Lo Prete**, Assistant Professor of Energy Economics, Pennsylvania State University

**Matt McCaffree**, Senior Director, Regulatory Strategy, Comverge, Inc.

**Karl A. McDermott**, Ameren Professor of Government and Business, University of Illinois-Springfield & Special Consultant, NERA Economic Consulting

**Omari Miller**, Strategic Planning Specialist, USPS

**Timothy D. Mount**, Professor, Cornell University

**Andrea Okie**, Vice President, Analysis Group, Inc.

**Shmuel S. Oren**, The Earl J. Isaac Chair Professor, University of California at Berkeley

**Brian Palmer**, Director, Global Public Affairs, UPS

**Carl R. Peterson**, Professor, University of Illinois Springfield

**Jessica Raines**, Public Policy Analyst, USPS – OIG

**Robert A.F. Reisner**, Director, PricewaterhouseCoopers

**Agustin J. Ros**, Vice President, NERA Economic Consulting

**Marc Smith**, Cost Attribution, USPS

**Menahem Spiegel**, Professor, Rutgers University

**Howard Spinner**, Manager – Regulatory Affairs, NOVEC

**Kurt Strunk**, Vice President, NERA Economic Consulting

**Sheldon Switzer**, Manager - DSM Evaluation, Baltimore Gas and Electric

**Timothy J. Tardiff**, Advanced Analytical Consulting Group

**Leo Tudela**, Strategic Planning Specialist, USPS

**Trevor Wagener**, Senior Analyst, NERA Economic Consulting

**John Woodward**, Economic Utilities Analyst, Vermont Department of Public Service

**Keith Weidner**, Chief Counsel, Legal Policy and Legislative Advice, USPS

**Eric Woychik**, Executive Consultant and Principal, Strategy Integration, LLC

# 35th ANNUAL EASTERN CONFERENCE

UPDATED May 19, 2016

## ORGANIZING COMMITTEE

Eric Ackerman (Edison Electric Institute)  
Timothy Brennan (University of Maryland, Baltimore County)  
John Caldwell (Edison Electric Institute)  
Hung-po Chao (Energy Trading Analytics.)  
Michael A. Crew (Rutgers University)  
Alan E. Finder (Global Regulatory Advisors LLC)  
Tom Frantz (New Hampshire Public Utilities Commission)  
Victor Glass (Rutgers University)  
Julie Kelly (Institute for Defense Analysis)  
James D. Reitzes (Brattle Group)  
Matthew Robinson (U.S. Postal Regulatory Commission)  
Richard E. Schuler Jr. (New York State Depart. of Public Service)  
Marc Smith (United States Postal Service)  
Menahem Spiegel (Rutgers University)  
Howard Spinner (NOVEC)  
Kurt Strunk (NERA Economic Consulting)  
Sheldon Switzer (Baltimore Gas and Electric)

## HOTEL RESERVATIONS

Sufficient Rooms are reserved at the Shawnee Inn and Golf Resort for all of the Conference participants. Participants are required to make their own reservations with the hotel by calling 1-800-742-9633 extn:1414 and identify the CRRRI Conference. All reservations must be made by [April 9, 2016](#).

Shawnee Inn and Golf Resort  
One River Road  
Shawnee on Delaware, PA 18356

Phone: 1-800-742-9633  
<http://shawneeinn.com/>

**The Hotel rate is \$410.00 for single occupancy and \$285.75 per double occupancy for two nights.** This rate includes the following: Two Night's Lodging, Two Breakfast Buffets, Two private Luncheons, Two Private plated Dinners, PA State Tax, Monroe County Room Occupancy Tax, Gratuity on meals and rooms in Package, and resort fee which includes Unlimited Local and 800 Toll -Free Phone Calls, Incoming Faxes, Safety Deposit Box usage at Front Desk, Newspaper, Fitness Center access, Business Center access, Wireless Internet access in guest rooms and public areas, use of Lighted 9-Hole Par 3 Approach Golf Course for night play, Clubs for use on Approach Course, Tennis Courts usage with Rackets (Tennis Balls Extra), use of Sand Volleyball Court, Hiking /Walking Trails on grounds, Indoor Pool with adult 12-person Jacuzzi and Pool Towels.

## CONFERENCE STAFF

Victor Glass, Director – CRRRI and Professor of Professional Practice  
*Conference Chair*

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Website: [www.business.rutgers.edu/CRRRI](http://www.business.rutgers.edu/CRRRI)

## REGISTRATION INFORMATION

**To Register:** Please complete and return the form below. Registrations are accepted by mail, email, fax, and telephone. Please confirm telephone registrations by sending in a completed and signed registration form. The deadline for registrations is April 2, 2016. Registrations received after April, 2016, will be admitted on a space available basis.

**Volume discount:** Second and subsequent applications received in the same envelope, fax, email, or made at the same time by phone will receive a 5% volume discount.

**Payment Information:** Make checks payable to “Rutgers University” and mail to the attention of CRRRI at the above address. Fees include prescribed learning materials, receptions and coffee breaks, but do not include lodging and meals. All persons that do not stay at the Shawnee Inn and Golf Resort will be required to pay for meals separately. The government registration fee is available for government employees.

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## REGISTRATION FORM: 35th Annual Eastern Conference

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Complete Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

### Billing Information

Payment enclosed \$1,070.00 U.S. Dollars

Send invoice to participant at above address.

Send invoice to \_\_\_\_\_

Credit Card:  VISA  MC Exp. \_\_\_\_/\_\_\_\_

GOVERNMENT RATE: Government employees may apply for reduced enrollment fees.

I would like to apply for the government rate of \$545.00

Card # \_\_\_\_\_

CANCELLATION POLICY: Until April 1, 2016 cancellation is allowed without penalty and refunds will be allowed in full. After this date, the indicated fee is due in full whether or not the participant actually attends. Substitutions may be made at any time.

Signature of Participant \_\_\_\_\_