

Advanced Workshop in Regulation and Competition

16th Annual Western Conference

Hyatt Islandia, in San Diego, California, on June 25–27, 2003

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

- % Risk Management
& Innovations in Pricing and Technology
- % Providing Resources
& Strategies under Competition and Deregulation
- % Telecom Meltdown

Who should attend:

- & Industry Economists
- % Marketing and Regulatory Managers
- & Regulatory Commission Staff

CENTER FOR
RESearch IN
REGULATED
INDUSTRIES

THE STATE UNIVERSITY OF NEW JERSEY
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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 twenty-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*.

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973-353-5761 973-353-1348 (fax)

16th Annual Western Conference

Updated June 16, 2003

Wednesday, June 25, 2003

- 3:00 - 4:00 Registration *Islands Ante Room*
4:00 - 6:00 Welcome to Conference: Michael A. Crew *Islands*
John Jurewitz: Emerging Issues in the Regulation of Utility: Power Procurement in Restructured Electricity Markets
Robert Michaels: Market Monitoring in Electricity: What can We Learn from the Economics of Regulation?
6:00 - 9:00 Cocktail Hour,
Dinner, and Keynote Speech: *Regency C*
Jan Schori, General Manager, S.M.U.D.

Thursday, June 26, 2003

8:00 - 9:45 *Concurrent Session*

WHOLESALE

Islands A

- Chair: Nainish Gupta
Discussants: Ralph Zarumba & Kevin O'Meara
Valeria Termini & Laura Cavallo: Market design and market power in electricity markets
Toru Hattori: A Simulation Analysis of the Potential for Market Power in Japanese Electricity Market
Kevin Woodruff: Re-Structuring the Electricity Industry: Identifying Roles for the Private & Public Sectors

RISK MANAGEMENT I

Islands B

- Chair: Sandra Burns
Discussants: Lewis Evans & Menahem Spiegel
Victor Niemeyer: How Long Will the Glut Last? A demonstration of the application of stochastic process models to load forecasting
Marian Brown, Ziyad Awad & Michael V. Williams: Energy Efficiency Programs as a Tool for Mitigating Risk in Wholesale Electricity Markets
Frank Monforte: Two Stage Dynamic Learning Algorithm for Very Short-term Load Forecasting

9:45 - 10:00 Coffee Break

10:00 - 11:45 *Concurrent Sessions*

RBOC RESTRUCTURING

Islands A

- Chair: Georgina Martinez
Discussants: Stephen Levinson
Michael Crew, Paul Kleindorfer & John Sumpter: Bringing Competition to Telecommunications: A Proposal for Divestiture by the RBOCs
Stephen Pociask: Disconnecting the Phone Company: Structural Separation and Its Effect on Consumers
Hal Singer, Robert Crandall, Allan Ingraham: Do Unbundling Policies Discourage CLEC Facilities-Based

ELECTRICITY RESOURCES

Islands B

- Chair: Jeff Linam
Discussants: Kevin Coughlan, Frank W. Harris, & Mihee Moon
Marshall Yan & Jun Ishii: Investment under Regulatory Uncertainty: The Case of Non-utility Power Plant Investment
Wesley Wilson & David Hunger: Entry and Capacity in Electricity Markets: A Study of Qualifying Facility Patterns of Entry since 1978
Marie-Laure Guillerminet: The choice of the regulated organization according to the investment in a marginal nuclear equipment

11:45 - 1:00 Lunch Break

1:00 - 2:30 *Concurrent Sessions*

PRICING

Islands A

- Chair: Ed Fong
Discussants: Michael Alexander, Dennis Keane & Johannes Van Lierop
Ahmad Faruqui: Dynamic Pricing Revisited
Stephen Holland & Severin Borenstein: Investment Efficiency in Competitive Electricity Markets with and without Time-Varying Retail Prices
Joseph Eto & Leora Lawton: Characteristics and Trends in a National Study of Customer Outage Costs

TELECOMMUNICATIONS MELTDOWN I

Islands B

- Chair: Stephen Levinson
Discussants: Julie Kelly & Richard Burdette
James Alleman & Scott Savage: Financial Recovery of the Technology, Media, and Telecommunications Sector
Brenda Kahn: Why Cook the Books - WorldCom Style?
Jino Kim: Issues concerning the Recent Downturn in the Telecommunications Sector

2:30 - 4:00

Concurrent Sessions

ENVIRONMENTAL/EMPRICAL

Islands A

- Chair: Mathew Robinson
Discussants: Steven Ostrover & Anne-Marie Bellard

Lorna Greening: Harmonizing US Energy and Environmental Policies for the US Electrical Sector

Faye Steiner: Diversification and Performance in the Electricity and Natural Gas Supply Industries

Massimiliano Piacenza & Davide Vannoni: Scope and Scale Economies in Multi-Utilities: Evidence from Gas, Water and Electricity Combinations

ELECTRICITY ISSUES

Islands B

- Chair: Glenn Vail
Discussants: Jasmin Ansar & David Gamson
Robert Entriken & Steve Wan: Agent-Based Simulation of an Automatic Mitigation Procedure
John Kelly: Public Power Systems in California and the State's Energy Crisis

4:00

Exercise Break

Friday, June 27, 2003

- 8:45 - 10:40 **Concurrent Sessions**
- TELECOMMUNICATIONS MELTDOWN II**
 Chair: Dennis Stevens *Islands A*
 Discussants: Menahem Spiegel
Gregory Duncan: The Telecommunications Meltdown: Causes, Consequences and Cautions Going Forward
Richard Clarke: Moving Off the RBOC Grid: Transitioning CLECs to their own facilities
Lewis Evans & Graeme Guthrie: Asset Stranding is Inevitable in Competitive Markets
- RISK MANAGEMENT II** *Islands B*
 Chair: Art Altman
 Discussants: Ken Costello & Nainish Gupta
Hung-Po Chao: Risk Management in Electricity Market Design
Mursaleena Islam, Guy Sharfman & John Thompson: Comparing Retail Choice and Performance in Deregulated Electricity Markets
Timothy Mount: The Effects of Dysfunctional Spot Markets for Electricity in California on the Cost of Forward Contracts
- 10:40 - 11:00 Coffee Break
- 11:00- 12:55 **RESOURCE ADEQUACY** *Islands A*
 Chair: Jeremy Bloom
 Discussants: Robert Levin & Steven Ostrover
Gary Stern: Resource Adequacy in Competitive Electricity
Cliff Rochlin: Resource Adequacy Has No Clothes
Timothy Brennan: Understanding Capacity Requirements
- 12:55 - 1:00 Closing Remarks—Michael A. Crew

SPEAKERS DISCUSSANTS & CHAIRS

Michael Alexander, Manager of Energy Projects, Southern California Edison
Art Altman, Program Manager - Asset & Risk Management, EPRI
Jasmin Ansar, Manager, Pacific Gas & Electric
Anne-Marie Bellard, Regulatory Economist, Public Utilities Commission of Nevada
Jeremy Bloom, Manager, EPRI
Timothy J. Brennan, Professor of Policy Sciences and Economics, University of Maryland Baltimore County
Marian V. Brown, Manager, Measurement & Evaluation, Southern California Edison
Richard Burdette, Manager – Resource and Market Analysis, Public Utilities Commission of Nevada
Sandra Burns, Manager - Regulatory Strategy Gas and Electric Supply, Pacific Gas & Electric
Hung-Po Chao, Area Manager – Policy and Risk Analysis, EPRI
Richard N. Clarke, Director of Economic Analysis, AT&T
Ken Costello, Senior Institute Economist, National Regulatory Research Institute
Kevin Coughlan, Advisor to President Peevey, California Public Utility Commission
Michael Crew, Director – Center for Research in Regulated Industries, Rutgers University

SPEAKERS, DISCUSSANTS & CHAIRS (CONT)

Gregory M. Duncan, Senior Vice President National Economic Research Associates
Robert Enriken, Manager Policy Analysis EPRI
Joseph H. Eto, Staff Scientist, Lawrence Berkeley National Laboratory
Lewis Evans, Professor of Economics - Executive Director New Zealand Institute for the Study of Competition and Regulation, Victoria University of Wellington
Ahmad Faruqui, Vice President, Charles River Associates
Ed Fong, Director – Measurement & Meter Reading, SDG&E
David Gamson, Advisor of Commissioner Brown, California Public Utilities Commission
Lorna A. Greening, Economist, Los Alamos, NM
Marie-Laure Guillerminet, C.R.E.D.EN., Universite de Montpellier I
Nainish Gupta, Director, National Utilities - Risk & Advisory Services/Information Risk Management, KPMG LLP
Frank W. Harris, Financial Analyst, Southern California Edison
Toru Hattori, Research Economist, Socio-economic Research Center, CRIEPI
Stephen Holland, Visiting Research Associate, University of California Energy Institute
Allan Ingraham, Vice President, Criterion Economics LLC
Mursaleena Islam, Economist, Econ One Research, Inc.
John L. Jurewitz, Director of Regulatory Policy, Southern California Edison
Brenda Kahn, District Manager – Local Services and Access Management, AT&T
Dennis Keane, Senior Analyst, Pacific Gas & Electric
John Kelly, Director of Economics and Research, American Public Power Association
Julie Kelly, Research Associate, Institute for Defense Analyses
Jino Kim, Economist, ERCC
Leora Lawton, Director of Consumer & Demographic Research, Population Research Systems
Robert Levin, Principal Regulatory Analyst – Operations Revenue Requirements Department, Pacific Gas & Electric
Stephen Levinson, Consulting Economist
Jeff Linam, Financial Planning Manager, SDG&E
Georgina Martinez, Consultant, National Economic Research Associates
Robert J. Michaels, Professor of Economics, California State University at Fullerton
Mihee Moon, Financial Analyst, Southern California Edison
Timothy Mount, Professor, Cornell University
Frank Monforte, Vice President, Forecasting, Itron
Victor Niemeyer, Area Manager for Power Markets Research, EPRI
Steven Ostrover, Senior Economist, Econ One Research, Inc.
Kevin O'Meara, Senior Economist, Public Power Council
Massimiliano Piacenza, Researcher, Institute for Economic Research on Firms and Growth Ceris-CNR
Stephen B. Pociask, President, TeleNomic Research, LLC
Mathew Robinson, Postal Rate and Classification Specialist, Postal Rate Commission
Cliff B. Rochlin, Market Consultant. Southern California Gas Company
Scott Savage, Assistant Professor, Colorado University
Jan Schori, General Manager, S.M.U.D.
Dennis Stevens, Principal Economist, United States Postal Service
Faye Steiner, Professeur Assistante, Département de Stratégie et Politique d'Entreprise HEC
Gary A. Stern, Director of Market Monitoring and Analysis, Southern California Edison
John Sumpter, Vice President – Regulatory, Pac-West Telecom, Inc.
Valeria A. Termini, Deputy Chairman & Professor of Economics, Gestore del Mercato Elettrico (Italian Electricity Market Operator)
Glenn Vail, Supervisor – Pricing Tarrifs, Southern California Edison
Johannes Van Lierop, Director of Regulatory Strategy, Southern California Gas Company
Wesley W. Wilson, Associate Professor, Department of Economics, University of Oregon
Kevin Woodruff, Principal, Woodruff Expert Services
Marshall Yan, Associate, Cornerstone Research
Ralph Zarumba, Independent Consultant

ORGANIZING COMMITTEE

Jasmin Ansar (Pacific Gas and Electric)
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Michael A. Crew (Rutgers University)
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Dennis Keane (Pacific Gas & Electric)
Steven Ostrover (Econ One Research, Inc.)
Carl Pechman (Power Economics)
Cliff Rochlin (Southern California Gas)
David Salant (National Economics Research Associates)

HOTEL RESERVATIONS

Sufficient Rooms are reserved at the Hyatt Islandia for all of the Conference participants. Participants should register for the conference by returning registration forms to Hyatt Islandia. Reservations must be received by June 5, 2003. Hotel reservation forms can be downloaded from the internet at:

<http://crri.rutgers.edu/ws/>

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1441 Quivira Road
San Diego, CA 92109

Phone: 1-619-224-1234

<http://islandia.hyatt.com>

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REGISTRATION FORM: 16th Annual Western Conference

Name _____

Title: _____

Company: _____

Complete Address: _____

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Billing Information:

Payment enclosed \$875.00 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 \$475

Card # _____

CANCELLATION POLICY: Until May 18, 2003 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: _____

CONTACTING CRRI

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REGISTRATION INFORMATION

To Register: Please complete and return the form to CRRI. 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 May 18, 2003. Registrations received after May 18, 2003, 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 **Jeremy Guenter** at the above address. Fees include prescribed learning materials, dinner on Wednesday night, June 25, all receptions and coffee breaks, but do not include lodging and other meals. The government registration fee is available for government employees.