

REGULATORY FOUNDATIONS TRAINING PROGRAM FOR RURA

COURSE CALENDAR AND AGENDA

December 1, 2009

1:00 pm – 2:15 pm	<u>Course Registration</u>
2:15 pm - 3:30 pm	<u>Session 1: <i>Fundamentals of Regulatory Systems</i></u> Mark Jamison <ul style="list-style-type: none">▪ Understanding the political economy of regulation▪ Sources of Conflict and Sector Performance▪ Tools to manage the economics of infrastructure
3:30 pm - 3:45 pm	<i>Break</i>
3:45 pm - 5:00 pm	<u>Session 2: <i>Reform and Regulation of State-Owned Utilities</i></u> Anton Eberhard <ul style="list-style-type: none">▪ Prevalence of State-Owned Utilities▪ Basics of regulation▪ The meaning of effective regulation

December 2, 2009

8:30 am – 10:15 pm	<p><u>Session 3: <i>Reassessing Regulatory Performance in Developing Countries</i></u> Anton Eberhard</p> <ul style="list-style-type: none"> ▪ Defining regulatory risk ▪ Evaluating regulatory systems ▪ The model of the independent regulator
10:15 am- 10:30 am	<i>Break</i>
10:30 am - 12:00 pm	<p><u>Session 4: <i>Establishing Regulatory Policies and Priorities in Energy Markets</i></u> Mark Jamison</p> <ul style="list-style-type: none"> ▪ The complexity of prioritizing economic, social, and political objectives ▪ Understanding the policy goals of different stakeholder groups ▪ Regulatory governance ▪ Concession agreements ▪ Market considerations and organization ▪ Types of markets
12:00 pm- 1:00 pm	<i>Lunch</i>
1:00 pm - 2:30 pm	<p><u>Session 5: <i>Options in Energy Market Reform</i></u> Anton Eberhard</p> <ul style="list-style-type: none"> ▪ Why do energy markets reform? ▪ Structure of the electric industry ▪ Structure of the natural gas industry ▪ Implementing the reform process to improve performance
2:30 pm - 2:45 pm	<i>Break</i>
2:45 pm – 4:30 pm	<p><u>Session 6: <i>Issues and Practices in Energy Market Reform</i></u> Anton Eberhard</p> <ul style="list-style-type: none"> ▪ Market reform experiences with IPPs and PPA ▪ What has worked, and what has not ▪ Basic principles that determine successful reform

December 3, 2009

8:30 am - 10:15 am	Session 7: <i>Case Study: The Economics of Energy Market Structure</i> Anton Eberhard <ul style="list-style-type: none">▪ Introduction of Case Study▪ Break into teams and analyze case▪ Case debriefing
10:15 am - 10:30 am	<i>Break</i>
10:30 am – 12:00 pm	Session 8: <i>Conclusion of Case Study</i>
12:00 pm- 1:00 pm	<i>Lunch</i>
1:00 pm - 2:30 pm	Session 9: <i>Setting the Base for Regulating Monopoly Prices and Sector Performance: Analyzing and Using Financial Statements</i> Mark Jamison <ul style="list-style-type: none">▪ Establishing and enforcing uniform systems of accounts;▪ Establishing accounting separations procedures;▪ Priorities in auditing and reviewing financial statements;▪ Example problems.
2:30 pm- 2:45 pm	<i>Break</i>
2:45 pm - 4:30 pm	Session 10: <i>Regulatory Strategy in Energy Part I</i> Mark Jamison <ul style="list-style-type: none">▪ Identifying key agency objectives▪ Relating issues and objectives▪ Identifying and overcoming hurdles

December 4, 2009

8:30 am- 10:15 am	<p><u>Session 11: <i>Using Rate of Return Tools</i></u> Anton Eberhard</p> <ul style="list-style-type: none"> ▪ Basics of rate of return ▪ How rate base is determined ▪ How operating expenses are determined ▪ How cost of capital is determined
10:15 am- 10:30 am	<i>Break</i>
10:30 am - 12:00 pm	<p><u>Session 12: <i>Case Study in Analyzing Financial Statements</i></u> Mark Jamison</p> <p>Teams report findings in financial statements case studies. Points for discussion include:</p> <ul style="list-style-type: none"> ▪ Identifying trends and inconsistencies; ▪ Comparing financial results with operating facts; ▪ Analyzing financial performance; ▪ Cross sector lessons.
12:00 pm- 1:00 pm	<i>Lunch</i>
1:00 pm - 2:30 pm	<p><u>Session 13: <i>Determining the Cost of Capital</i></u> Mark Jamison</p> <ul style="list-style-type: none"> ▪ Opportunity to recover reasonable return on investment ▪ Principles of risk-adjusted returns ▪ Information requirements ▪ Regulatory policy and risk
2:30 pm - 2:45 pm	<i>Break</i>
3:15 pm - 4:30 pm	<p><u>Session 14: <i>Adjusting Financial Statements for Ratemaking</i></u> Mark Jamison</p> <ul style="list-style-type: none"> ▪ Standards for accepting investment, revenue, and expense data for ratemaking purposes ▪ Cases and examples of regulatory decisions ▪ Setting investment benchmarks ▪ Making financial adjustments ▪ Introduction of case study

December 5, 2009

8:30 am - 10:15 am	<p><u>Session 15: <i>Debriefing on Case Study in Financial Adjustments for Ratemaking</i></u> Mark Jamison/Anton Eberhard</p> <ul style="list-style-type: none"> ▪ Teams complete their decisions and calculations for case study, and report their results ▪ Discussion emphasizes <ul style="list-style-type: none"> ▪ Decision making criteria ▪ Alternative methods for making decisions and adjustments ▪ Implications of decisions for operators, consumers, and investment
10:15 am- 10:30 am	<i>Break</i>
10:30 am- 12:00 pm	<p><u>Session 16: <i>Incentive Regulation in the Energy Sector</i></u> Anton Eberhard</p> <ul style="list-style-type: none"> ▪ Principles of incentive regulation ▪ Types of incentive regulation ▪ Strengths and weaknesses of different types of incentive regulation
12:00 pm- 1:00 pm	<i>Lunch</i>
1:00 pm - 2:30 pm	<p><u>Session 17: <i>Case Study in Incentive Regulation</i></u> Anton Eberhard</p> <ul style="list-style-type: none"> ▪ Incentive regulation practices ▪ Historical perspective on incentive regulation ▪ What has worked and what has not
2:30 pm - 2:45 pm	<i>Break</i>
2:45 pm - 4:30 pm	<p><u>Session 18: <i>Thinking Politically without Being Political</i></u> Mark Jamison</p> <ul style="list-style-type: none"> ▪ Identifying key relationships for success ▪ Developing strategic plans for engaging allies, opposition, and other important players

December 7, 2009

8:30 am - 10:00 am	<p><u>Session 19: <i>Review of the First Week</i></u> Ted Kury/Raj Barua</p> <ul style="list-style-type: none"> ▪ Market structure ▪ Rate of return regulation ▪ Incentive regulation ▪ In-class quiz
10:00 am- 10:15 am	<i>Break</i>
10:15 am - 12:00 pm	<p><u>Session 20: <i>Incentive Regulation for State-Owned Enterprises</i></u> Raj Barua</p> <ul style="list-style-type: none"> ▪ Review of the FAQ ▪ Discussion of the best two ideas ▪ Discussion of the two ideas to challenge
12:00 pm- 1:00 pm	<i>Lunch</i>
1:00 pm - 2:30 pm	<p><u>Session 21: <i>Economics of Rate Design</i></u> Ted Kury</p> <ul style="list-style-type: none"> ▪ Linear tariffs and averaging; ▪ Calculating multi-part tariffs; ▪ Developing a menu of tariff options; ▪ Pricing by time and/or location; ▪ Distributed generation tariffs in an island system (also includes DSM deployment). ▪ Accounting for incentives for efficiency and conservation ▪ Rate design considerations for renewable energy
2:30 pm - 2:45 pm	<i>Break</i>
2:45 pm- 4:30 pm	<p><u>Session 22: <i>Cost of Service Approaches in Energy</i></u> Ted Kury/Raj Barua</p> <ul style="list-style-type: none"> ▪ Determine customer classes ▪ Identifying costs and assignment methods ▪ Policy and social considerations ▪ Introduction of case study

December 8, 2009

8:30 am - 10:00 am	<p><u>Session 23: <i>Case Study in Cost of Service</i></u> Ted Kury/Raj Barua</p> <ul style="list-style-type: none"> ▪ Teams complete case analyses and make reports ▪ Discussion considers: <ul style="list-style-type: none"> ▪ Identifying cross-subsidies ▪ Designing subsidy-fee tariffs from service and customer perspectives ▪ Data limitations and practical solutions
10:00 am - 10:15 am	<i>Break</i>
10:15 am- 12:00 pm	<p><u>Session 24: <i>Case Study of a Tariff Review</i></u> Raj Barua</p> <ul style="list-style-type: none"> ▪ Asset valuation options and impacts ▪ Risks and cost of capital ▪ Annual revenue requirements ▪ Tariff review process and information
12:00 pm- 1:00 pm	<i>Lunch</i>
1:00 pm – 2:30 pm	<p><u>Session 25: <i>Demand and Load Forecasting</i></u> Ted Kury</p> <ul style="list-style-type: none"> ▪ Purpose of demand and load forecasting ▪ Identifying load drivers ▪ Forecasting techniques and applications
2:30 pm- 2:45 pm	<i>Break</i>
2:45 pm – 4:30 pm	<p><u>Session 26: <i>Evaluating Market Competition</i></u> Raj Barua</p> <ul style="list-style-type: none"> ▪ Horizontal vs. Vertical Unbundling ▪ Effects of unbundling on cost allocation ▪ Tariff considerations in competitive markets

December 9, 2009

8:30 am - 10:15 am	<p><u>Session 27: <i>Exercise in Market Competition</i></u> Ted Kury</p> <ul style="list-style-type: none"> ▪ Indices of market concentration ▪ Issues in vertical and horizontal unbundling ▪ Implications of unbundling ▪ Issues with IPPs and PPAs
10:15 am- 10:30 am	<i>Break</i>
10:30 am - 12:00 pm	<p><u>Session 28: <i>Techniques for Using Benchmarking in Incentive Regulation</i></u> Ted Kury</p> <ul style="list-style-type: none"> ▪ Methods for estimating benchmarks ▪ Identifying which cost differences can be controlled by operators ▪ Application of statistical techniques to estimate efficiency ▪ Application of mathematical programming techniques to establish a cost frontier
12:00 pm- 1:00 pm	<i>Lunch</i>
1:00 pm- 2:30 pm	<p><u>Session 29: <i>Case Study in Benchmarking Analysis</i></u> Ted Kury/Raj Barua</p> <p>Teams analyze data in a benchmarking case study. Points for discussion include:</p> <ul style="list-style-type: none"> ▪ Distinguishing between fact and opinion; ▪ How model specification and assumptions affect analysis; ▪ How policy priorities affect conclusions; ▪ Approaches for communicating complex analyses. ▪ Reasons why costs vary across companies; ▪ How to interpret results from different analytical techniques; ▪ Weighing the relative importance of various benchmarking measurements; ▪ Identifying which costs differences can be controlled by operators; ▪ Comparison of average cost for groups of companies which share similar operating environments.
2:30 pm - 2:45 pm	<i>Break</i>
2:45 pm - 4:30 pm	<p><u>Session 30: <i>Case Study Debriefing</i></u> Ted Kury/Raj Barua</p> <ul style="list-style-type: none"> ▪ Teams complete case analyses and make reports ▪ Discussion considers: <ul style="list-style-type: none"> ▪ Identifying best performers ▪ Designing tariffs from service and customer perspectives ▪ Data limitations and practical solutions

December 10, 2009

8:30 am – 10:00 am	<p><u>Session 31: <i>Applying Benchmarking Techniques</i></u> Ted Kury</p> <ul style="list-style-type: none"> ▪ Applicable evaluating metrics ▪ Computing efficiency frontiers ▪ Evaluating relative performance
10:00 am- 10:15 am	<i>Break</i>
10:15 am – 12:00 pm	<p><u>Session 32: <i>Case Study in Impacts of a Price Review</i></u> Raj Barua</p> <ul style="list-style-type: none"> ▪ Information revelation ▪ Public perceptions ▪ Issues in predictability and legitimacy ▪ Best Practice in announcing decisions ▪ Assessing political risks, public reactions, and public information
12:00 pm- 1:00 pm	<i>Lunch</i>
1:00 pm - 2:30 pm	<p><u>Session 33: <i>Challenges in Environmental Issues</i></u> Ted Kury</p> <ul style="list-style-type: none"> ▪ Impacts of regulation on renewable energy use and energy efficiency ▪ Example policies for renewable energy and efficiency ▪ Policy options and impacts of climate change issues
2:30 pm- 2:45 pm	<i>Break</i>
2:45 pm- 4:30 pm	<p><u>Session 34: <i>Implementing Cross-subsidies and Avoiding Uneconomic Bypass in Energy</i></u> Raj Barua</p> <ul style="list-style-type: none"> ▪ Analytical techniques for identifying cross-subsidies ▪ Designing subsidy-fee tariffs from service and customer perspectives ▪ Tariffs with perfect information and with information asymmetries.

December 11, 2009

8:30 am – 10:00 am	<p><u>Session 35: <i>Legal Aspects of Energy Regulation and Use of Licenses</i></u> Raj Barua</p> <ul style="list-style-type: none"> ▪ What should be in laws and licenses ▪ Regulatory authority ▪ Enforcement ▪ Evaluating regulatory authority and process
10:00 am- 10:15 am	<i>Break</i>
10:15 am – 12:00 pm	<p><u>Session 36: <i>Regulatory Strategy in Energy Part II</i></u> Ted Kury/Raj Barua</p> <ul style="list-style-type: none"> ▪ Identifying your relationship to agency objectives ▪ Developing strategies for issues and objectives
12:00 pm- 1:00 pm	<i>Lunch</i>
1:00 pm - 2:30 pm	<p><u>Session 37: <i>Organizational Challenges and Price Reviews</i></u> Ted Kury/Raj Barua</p> <ul style="list-style-type: none"> ▪ Identifying challenges with price reviews ▪ Small group exchange of ideas ▪ Small group presentations
2:30 pm- 2:45 pm	<i>Break</i>
2:45 pm- 4:30 pm	<p><u>Session 38: <i>Wrap up</i></u> Ted Kury/Raj Barua</p> <ul style="list-style-type: none"> ▪ Course summary ▪ Key lessons from the program ▪ Closing thoughts