

Western Electricity Market Forum (formerly the Flo-Jo Group)

August 3-4, 2017

Omni San Diego Hotel
675 L Street, San Diego, CA

*State participants in market simulations need to bring laptops or tablets.
Dress is business casual.*

Thursday August 3, 2017

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| 8:00 am | Continental Breakfast |
| 9:00 am | <p>Perspectives on Wholesale vs. Retail Electricity Markets [pdf]</p> <p>Presentation on basic distinction between wholesale and retail market activities and jurisdiction of state and federal regulators. Role of market participants and the interaction of supply and demand in wholesale and retail electricity markets.</p> <ul style="list-style-type: none">• Tony Clark, Senior Advisor, Wilkinson Barker Knauer, LLP• David Boyd, Vice President, Government and Regulatory Affairs, MISO |
| 10:30 am | Break |
| 10:45 am | <p>Introduction to Stanford University Electricity Market Simulation [pdf]</p> <p>Workshop participants will work in teams to play the roles of generation companies and load serving entities bidding into an organized electricity market.</p> <ul style="list-style-type: none">• Frank Wolak, Stanford University• Mark Thurber, Stanford University• Trevor Davis, Stanford University |
| Noon | Lunch (to be provided) |
| 1:00 pm | <p>Simulation 1: Market Power in Electricity Markets</p> <p>The first training session will introduce participants to the basics of wholesale electricity market operation, focusing on auction type (uniform price vs. pay-as-bid), transmission constraints, and the concept of market power. In this first session, participant teams will play the role of generating companies only, bidding into the market to try to maximize their profits.</p> |
| 2:00 pm | <p>Simulation 2: Forward Contracts in Electricity Markets</p> <p>The second training session will introduce the crucially important (but sometimes poorly understood) function of forward contracts in reducing the incentives for generating companies to exercise market power. Many electricity market problems (and notably the California Electricity Crisis in the early 2000s) can be traced in part to a failure to ensure that generating companies hold forward commitments for most of their power supply. In this session, workshop teams will play the role of both generating companies and load serving entities. The game play will help participants gain a thorough understanding of how forward contracts can help load serving entities hedge against high prices and also reduce the incentive of generating companies to exercise unilateral market power.</p> |

- 3:00 pm Break: Refreshments Provided
- 3:15 pm **Simulation 3: Impact of Variable Energy Resources on Electricity Markets**
 The third training session will introduce some of the challenges that come along with high market penetration of variable energy renewable resources. In this session, we will require load serving entities to source a rising share of their power from wind or solar. Generating companies holding gas-fired units will make decisions about whether to retire existing units and/or buy new ones as the increasing fraction of renewable energy changes market conditions.
- 4:15 pm **Simulation Wrap-Up**
 We expect the energy regulators participating in this workshop should come away with an improved understanding of how the incentives of market participants produce different outcomes under different market rules, and how these rules can be designed to maximize benefits and minimize risk.
- 5:00 pm Adjourn for the Day

Friday August 4, 2017

- 7:00 am Continental Breakfast
- 8:00 am **Recap of Lessons Learned from the Simulations**
 - Frank Wolak, Stanford University
 - Mark Thurber, Stanford University
- 8:15 am **A Deeper Dive into Market Designs [\[pdf\]](#)**
 Building off of the first day, more detailed presentations on basic market design including the sequence of the markets (day ahead, hour ahead) and the role of key players; and the interaction of supply and demand and market price formation. In addition, unique aspects of the California ISO and Southwest Power Pool markets will be discussed.
 - Phil Pettingill, Director, State Regulatory Affairs, California ISO
 - Carl Monroe, Executive VP & Chief Operating Officer, Southwest Power Pool
- 9:15 am **Update on Market Activities in the West**
 Update on the California ISO Energy Imbalance Market and western regional market governance matters. Update on Mountain West Transmission Group and Southwest Power Pool negotiations for market services.
 - Stacey Crowley, VP, Regional and Federal Affairs, California ISO [\[pdf\]](#)
 - Carl Monroe, Executive VP & Chief Operating Officer, Southwest Power Pool [\[pdf\]](#)
 - Steve Beuning, Director, Market Operations, Xcel Energy [\[pdf\]](#)
 - Kenna Hagan, Sr. Manager Planning, Policy and Strategy, Black Hills Corporation
- 10:15 am Break

- 10:30 am **Brief History of the Electricity Market Debate in the West** [[pdf](#)]
How did we get to the current market structure in the West? What lessons have been learned from past success and failure? What role has WIEB/CREPC played in facilitating development of regional electricity markets?
- Travis Kavulla, Vice-Chair, Montana Public Service Commission
- 11:15 am **Next Steps for the Western Electricity Market Forum**
- Leadership and organizational matters
 - Additional training opportunities
 - State work on specific market issues
 - Future meetings
- 12:15 pm Adjourn