

MWG Call Summary

12-08-10

Attending: Erin H., Wil B., Paul McC., Hisham C., Doug G., Dennis B., Steve Ch. Alycia D-T, Stan Hadley; Catherine M., John B. (EIPC); King Look; Valerie L., Marya W.

1. Reports from Data Subgroups:

NEEM Regions – (Paul McCurley)

- Need wheeling charges and hurdles rates;
- TBD if modifications to NEEM are needed; Waiting for EIPC to review PAs adjustments to regions
- No more data expected by the Work Group Session;
- this should probably be at the end of the agenda for the Joint Meeting

Environmental Policy – (Paul McCurley)

- Waiting for response from CRA; e.g. how RGGI will be modeled, etc.,
- Federal carbon limits – CRA prefers tax rather than cap; concerned that this approach will use a number of sensitivities to test different prices; cap requires specifying how to dealing with offsets, banking & borrowing; carbon prices seen as more transparent;
- Joe Bryson, EPA, will bring some data they have collected on carbon prices for comparison with CRA;
- Mark Kresowick looking at the appropriate range of carbon prices;
- RPS - trying to understand how state RPS is included. See progress report on details.
- Environmental policy group will define the emission inputs that require a range of price values on SOX and NOX for new generation;

Fuel Prices & Emissions (King Look)

- Looked at AEO natural gas prices, but want to plot AEO vs other sources to determine how they compare. Haven't settled on a range;
- Understand that coal prices are determined endogenously in NEEM and plan to see how it plays out in BAU to determine if they are satisfied with outcome;
- Can you bypass this part of the model if you want to set coal prices up-front? Others don't think that we should substitute our judgment for CRA model outcomes which is more sophisticated.
- Need to review fuel prices in relation to each other.

Demand, EE, DR (King Look)

- Inconsistent treatment on EE and DR across PAs; do we need to sift through each PA's approach and determine how it should be handled. Concerned about double counting. Eg. PJM considers demand response a resource and is not included in the forecast; other regions have integrated DR in the forecast;
- EE needs to be split into and end-user price responses and utility mandated EE and load management targets.
- Stan H. will look at energy projections in roll-up and PA plans to determine the potential for EE and DR. Renewable Energy Futures study will be one source of information.

- Cannot expect to dissect plans to reach uniformity; but would be good to understand the magnitude of the differences and make adjustments if significant. At least WG will have more information for interpreting the results.
- Also noted that MISO includes carbon costs in forecast, unlike other PAs
- Stan's spreadsheet shows what utilities filed with FERC in most recent filings. Willing to present to the WGs next week.
- CRA default data is EIA and RTO data
- Discussed Methodology for determining DR; which will determine what inputs are needed 1) specify costs of EE and DR and let NEEM pick the appropriate amount 2) pick what is considered technically and economically available and adjust load forecasts accordingly. Leaning toward 2nd method.
- Suggestion – discuss at WG meeting next week what additional information is needed from PAs to answer the questions raised.
- King circulated spreadsheet summarizing the EE/DR in forecasts in revised roll-up

Economic Assumptions/MRN (Erin H.)

- 5% real (without inflation) discount rate used in MRN; One WG member suggests that WG should have a strong reason for changing it.
- Co-efficients of elasticity and substitution; waiting for additional information from CRA
- Labor grow exogenously from the model; waiting for additional information
- Assumes balanced budget over the study horizon – not sure this makes sense
- Marginal and average tax rate – will it be uniform across the regions? Asked for clarification
- Plant cost over time – construction cost index or GDP inflators used?

Existing Generation (Doug G.)

- CRA questions outstanding; eg how wind will be handled; 2 phases to review, first the existing plant costs and then when baseline infrastructure is defined, the cost of planned units.
- NERC data base on generation, AEO data base, and roll-up report data to compare

NEXT STEPS – PREPARATION FOR SSC MEETING:

- John B. will see if CRA can answer any of the questions in advance of the WG meeting next week.
- Erin & Mary Ellen suggest that the MWG probably does not need all the time allotted on the agenda and WG can offer some of its time for other decisional issues
- Mary Ellen will present on behalf of WG; welcome help on presentation. **DUE TO KEYSTONE FOR POSTING ON FRI. NOON.**
- Issues suggested for inclusion in presentation:
 - Canada in MRN, particularly demand values; Steve C. forwarded a proposed simple approach for handling this
 - Data gathering mode; waiting for additional info from CRA
 - Load growth issue – consistent approach to EE/DR
 - Plan for getting information in a master template; process for checking progress on data compilation
 - Striving to identify a single data sources for new generation, and make exception on case-by-case basis.

- Transmission Approach – details of the approach, but using a sensitivity for the purpose of adjusting transfer limits; an alternative approach was presented by a member of the WG but until we get word from EIPC about whether it is viable, the WG has not weighed the specific merits of the two proposals. Need feedback on when and how they will need to resolve the specific approach.