

8th Annual

# Nodal Trader

Key Market Designs, FERC Order 206, and the Virtual Trading Debate

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October 22–23, 2015 • New York Marriott Marquis • New York, New York

## Hear from Preeminent Traders, Regulators, and Market Operators:

*Abram Klein,*  
Appian Way Energy Partners

*Guillermo Bautista Alderete,* CAISO

*Andrew Stevens,* DC Energy

*Resmi Surendran,* ERCOT

*Josh Logsdon,* eXion Energy, Inc.

*Tony Clark,*  
Federal Energy Regulatory Commission

*Teoman Guler and Harry Singh,*  
Goldman Sachs

*Paul Copello,* IIR Energy

*Noha Sidhom,* Inertia Power LP

*John Parsons,*  
Massachusetts Institute of Technology

*Todd Ramey,* MISO

*Joseph Bowring,* Monitoring Analytics

*Paul Cusenza and Ann Sacra,*  
Nodal Exchange, LLC

*Rana Mukerji,* NYISO

*Ruta Skucas,* Pierce Atwood LLP

*Stu Bressler,* PJM Interconnection

*Beth Garza and David B. Patton,*  
Potomac Economics

*Wesley Allen,* Red Wolf Energy Trading

*Kenneth W. Irvin,* Sidley Austin LLP

*Debbie James,* Southwest Power Pool

*Stephanie Staska,* Twin Cities Power LLC

*Michael McNair,* YES Energy



### KEYNOTE ADDRESS:



#### What Is the Role of Financial Participants in Power Markets?

*Tony Clark, Commissioner,*  
Federal Energy Regulatory Commission



### Panel Discussion — Best Practices in Organized Nodal (LMP) Markets



*Moderator: William W. Hogan, Ph.D.,*  
Raymond Plank Professor of Global Energy Policy,  
JFK School of Government, Harvard University

*Stu Bressler, Vice President, Market Operations, PJM Interconnection*

*Rana Mukerji, Senior Vice President, Market Structures, NYISO*

*Todd Ramey, Vice President, System Operation and Market Services, MISO*

*Resmi Surendran, Senior Manager, Market Analysis and Design, ERCOT*

*Debbie James, Manager, Market Design, Southwest Power Pool*

*Guillermo Bautista Alderete, Ph.D., Manager,*  
Market Validation and Quality Analysis, CAISO

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Supporting Organizations:



**DAY 1: Thursday, October 22, 2015**

7:15 **Registration and Networking Breakfast**

8:15 *Chair's Welcome and Opening Remarks*  
*Paul Cusenza, Chairman and Chief Executive Officer, Nodal Exchange, LLC*

8:30 **What Is the Role of Financial Participants in Power Markets?**



KEYNOTE

- Views on price formation
- Making markets work the way they were intended
- The right balance between the enforcement and market improvement
- How does FERC allocate the Commission's resources between the enforcement and market improvement, and in what proportion?

*Tony Clark, Commissioner, Federal Energy Regulatory Commission*

9:15 **Weighing in on the Manipulation Debate**

- Fair notice — What constitutes manipulative vs. legitimate market behavior?
- Unintended consequences of regulatory uncertainty and the impact on market efficiency
- Defining scienter and the meaning of "reckless" trading
- The need for transparency and greater due process of law in investigations and enforcement actions
- De novo review — Statutory requirement vs. FERC's recent approach

*Kenneth W. Irvin, Partner, Sidley Austin LLP*

9:45 **Networking & Refreshment Break**



**FERC Order 206 Impact on Uplift Allocations and Improving FTR Funding in the Markets**

10:15 **Uplift Allocation and FERC 206 Investigation into Virtual Uplift Allocation**



PANEL DISCUSSION

- Everyone's filed comments — What's next?
- Price formation and the benefit of financial transactions
- Different approaches to calculating uplift charges — Cost causation theories and emerging approaches
- Virtual transaction fees and allocation of uplift charges — Assessment of costs and benefits
- What range of uplift charges do these approaches suggest?
- Restart of UTC trading — Realistic target date and a timetable of some critical milestones (or lack thereof)

*Moderator: Ruta Skucas, Partner, Pierce Atwood LLP*  
*Joseph Bowring, Ph.D., President, Monitoring Analytics*  
*Abram Klein, Managing Partner, Appian Way Energy Partners*  
*Wesley Allen, Chief Executive Officer, Red Wolf Energy Trading*  
*Josh Logsdon, President, eXion Energy, Inc.*

11:30 **FTR Funding Improvements — Challenges and Opportunities for the Markets**

- Have the underlying problems been addressed?

- How this happened and will it continue?
- Is there a better process for making market design improvements in PJM?
- Who benefits from surplus generated from PJM's significantly reduced FTR's distributed to utilities?

*Harry Singh, Vice President, Goldman Sachs*  
*David B. Patton, Ph.D., President, Potomac Economics*

12:15



**Networking Luncheon**



Hosted by:

**Growing FTR's and LMP Basis Spread Markets and Exciting Developments in CAISO**

1:30

**Power Congestion Trading Outlook**



PANEL DISCUSSION

- Drivers for growth in FTR and LMP basis spread markets in the last 10 years
- Differences in congestion hedging activity by ISO's

*Moderator: Ann Sacra, Ph.D., President & Chief Operating Officer, Nodal Exchange, LLC*  
*Andrew Stevens, Managing Director, DC Energy*  
*Teoman Guler, Vice President, Goldman Sachs*

2:45

**CAISO Market Updates**

- Continuing the discussion on the Energy Imbalance Market (EIM)
- Latest on PacifiCorp integration and how it affects virtuals and CRR's
- What about daily FTR's/spread bids?
- Expansion of CAISO beyond a one-state ISO
- Update on virtuals at the interties — Reasons for open-ended delay and the outlook for restart
- CAISO experience with real-time congestion offsets

*Guillermo Bautista Alderete, Ph.D., Manager, Market Validation and Quality Analysis, CAISO*

3:30



**Networking & Refreshment Break**

**ERCOT and SPP Markets — New Products and Lessons Learned**

4:00

**ERCOT Market Updates**

- New Reliability Deployment Price Adder to the Real-Time Market (RTM)
- Proposed changes in emergency operations and their impacts on scarcity pricing in the RTM
- Potential new products
  - Future Ancillary Service Market (FASM)
  - real-time cooptimization
  - multi-interval real-time market
  - loads in SCED improvements
  - distributed generation

*Beth Garza, Director, ERCOT Independent Market Monitor, and Vice President, Potomac Economics*

- 4:30 **SPP Market Updates**
- Overview on progress since going live — Lessons learned
  - FTR underfunding
  - Update on virtual trading
  - Expansion of footprint in October 2015
  - CFTC exemption for SPP

Debbie James, Manager, Market Design,  
Southwest Power Pool

- 5:00  **Wine & Cheese Networking Reception**

- 6:00 Close of Day One

## DAY 2: Friday, October 23, 2015

- 7:30 **Networking Breakfast**

- 8:30 *Chair's Review of Day One*  
Paul Cusenza, Chairman and Chief Executive Officer,  
Nodal Exchange, LLC

## Key Approaches to Market Design; Opportunities and Challenges to Virtual Trading

- 8:45 **Best Practices in Organized Nodal (LMP) Markets**



PANEL  
DISCUSSION

- Highlights of key market design changes in the upcoming five years
- Are there any areas of best practice to consider and share across RTO's?
- Are the claimed benefits of RTO's being realized by rate payers?

Moderator: William W. Hogan, Ph.D., Raymond Plank  
Professor of Global Energy Policy, JFK School of Government,  
Harvard University

Stu Bressler, Vice President, Market Operations,  
PJM Interconnection

Rana Mukerji, Senior Vice President, Market Structures, NYISO

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Market Analysis and Design, ERCOT

Debbie James, Manager, Market Design, Southwest Power Pool

Guillermo Bautista Alderete, Ph.D., Manager,  
Market Validation and Quality Analysis, CAISO

- 10:30  **Networking & Refreshment Break**

- 11:00 **Spot Markets and Virtual Transaction Discussion**



PANEL  
DISCUSSION

- The current status of virtual markets
- Are there negative aspects of convergence bidding and can PTPs/UTCs cure them?
- Why are PTPs/UTCs taking so long to develop and implement?
- What fixes are necessary in virtual bidding to address concerns?

- Is virtual trading constructive in helping highlight model errors or can it be exploitative of such errors?

Moderator: Noha Sidhom, General Counsel, Inertia Power, LP  
John Parsons, Head, MBA Finance Track,  
Massachusetts Institute of Technology; Visiting Scholar,  
Federal Energy Regulatory Commission

Michael McNair, President and Founder, YES Energy  
Stephanie Staska, Chief Risk Officer, Twin Cities Power LLC  
Paul Copello, President, IIR Energy

- 12:15 Close of Conference

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**KEYNOTE ADDRESS:**



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**Hear from Trading and Markets Experts:**

- |                            |                      |                         |
|----------------------------|----------------------|-------------------------|
| Appian Way Energy Partners | IIR Energy           | PJM Interconnection     |
| CAISO                      | Inertia Power LP     | Potomac Economics       |
| DC Energy                  | MIT                  | Red Wolf Energy Trading |
| ERCOT                      | MISO                 | Sidley Austin LLP       |
| eXion Energy, Inc.         | Monitoring Analytics | Southwest Power Pool    |
| FERC                       | Nodal Exchange, LLC  | Twin Cities Power LLC   |
| Goldman Sachs              | NYISO                | YES Energy              |
|                            | Pierce Atwood LLP    |                         |

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