

## Pre-Summit Workshop A

Monday, October 20, 2008

### Establishing a NERC Compliance Program

- 8:50 – 9:00 **Welcoming Comments by the Workshop Chair:**  
**Laurie J. Oppel**, *Managing Director, Energy Practice's Litigation, Regulatory & Markets Service Group,*  
NAVIGANT CONSULTING, INC.
- 9:00–10:30 **NERC Reliability Requirements: Components, Complexities and New Developments**  
The NERC operating policies are complex, consisting of sets of requirements for generators, energy suppliers and transmission organizations. NERC, in its role as the Electric Reliability Organization (ERO), and the Regional Reliability Organizations (RROs) provide monitoring and auditing functions, leading to potential enforcement by FERC. Sorting through the activities required by these reliability standards can be daunting. This session will provide a foundation for what utilities and other market participants need to incorporate in their compliance efforts.
- Presenters:  
**Sam Brattini**, *Executive Consultant, KEMA, INC.*  
**Chris Hajovsky**, *Director, Regulatory Policy and NERC Reliability Standards, RELIANT ENERGY, INC.*  
**Jason Marshall**, *Technical Manager – Standards, Compliance & Strategy, MIDWEST ISO*
- 10:30-11:00 Morning refreshment & networking break
- 11:00-Noon Panel Discussion: **Regional Entity Perspectives**  
Regional Reliability Organizations (RROs) form the first line of enforcement of bulk power owners, operators and users. They monitor compliance of their registered entities, assure mitigation of all violations of approved reliability standards, and assess penalties and sanctions for failure to comply. Panelists will discuss experiences with the compliance process, lessons learned, and expectations as the compliance monitoring and enforcement process moves forward.
- Moderator:  
**Brian Goldstein**, Senior Consultant, NAVIGANT CONSULTING, INC.

Panelists:

**Linda Campbell**, *VP & Executive Director - Standards & Compliance*,  
FLORIDA RELIABILITY COORDINATING COUNCIL

**Tim Gallagher**, *President*, RELIABILITYFIRST CORPORATION

**Tom Galloway**, *Director of Compliance*, SERC RELIABILITY  
CORPORATION

**Daniel P. Skaar**, *President*, MIDWEST RELIABILITY  
ORGANIZATION

- Noon-1:30      Group Luncheon
- 1:30-2:15      **Assessing the Impacts of the New CIP Standard on Compliance Systems**  
New standards have recently emerged for Critical Infrastructure Protection (CIP). Encompassing computer systems, SCADA, and other critical components of the grid, these standards offer a new wrinkle for compliance managers, and face a similar enforcement regime as the other NERC standards. This presentation will review the new CIP standards and how they impact compliance systems.  
**Robert McClanahan**, *VP, Information Technology*, ARKANSAS ELECTRIC COOPERATIVE CORPORATION
- 2:15-3:00      **Understanding How the NERC Discovery, Audit & Reporting Process Works**
- What they are  
*Self-Certification*  
*Self-Reporting*
  - What to expect
  - Lessons learned so far and the pitfalls to expect
- Tom Galloway**, *Director of Compliance*, SERC RELIABILITY CORPORATION
- 3:00-3:30      Afternoon refreshment & networking break
- 3:30-4:15      **Assessing the Impacts of Organizational Structure on Compliance System Requirements**  
The organizational structure of an organization subject to NERC oversight has a major impact on its compliance efforts and systems. This presentation will examine how the scope of an organization's operations and activities affects its compliance needs, and hence how its systems may be tailored.  
**Patricia VanMidde**, *Compliance Manager – NERC and WECC Reliability Standards*, SAN DIEGO GAS & ELECTRIC

4:15-5:15

Panel Discussion: **Establishing a NERC COMPLIANCE Program**

The panel will discuss how to develop a compliance program, including how to define and prioritize compliance requirements, map requirements to relevant business activities, assign functional responsibility for compliance activities, and implement the system.

Moderator:

**Kirby Dusel**, Associate Director, NAVIGANT CONSULTING, INC.

Panelists:

**Tom Bowe**, *Executive Director – Reliability Integration*, PJM

INTERCONNECTION

**Michael Gildea**, *Director – Compliance*, CONSTELLATION ENERGY

GROUP

**Jason Marshall**, *Technical Manager – Standards, Compliance &*

*Strategy*, Midwest ISO

## Pre-Summit Workshop B

Monday, October 20, 2008

### Establishing an Energy Trading Compliance Program

- 8:50 – 9:00 **Welcoming Comments by Workshop Chair:**  
**Celia David**, *Director - Energy, Litigation, Regulatory & Markets*,  
NAVIGANT CONSULTING, INC.
- 9:00–9:45 **Issues in the Revised OATT**  
FERC recently undertook a major revision to the Open Access Transmission Tariff system. What has changed, and how have those changes affected reporting, compliance and enforcement? This presentation will provide an overview of the revised OATT, as well as open issues in compliance and enforcement.  
**William D. DeGrandis**, *Partner*, PAUL, HASTINGS, JANOFKY & WALKER LLP
- 9:45-10:30 **Update on Affiliate Transaction Rules and Standards of Conduct**  
Affiliate transactions and standards of conduct have long been contentious subjects in market monitoring and enforcement, and FERC recently changed tack on their approach to regulating these activities. Today's regulatory environment requires strict separation of record-keeping and business conduct between affiliated business units within consolidated enterprises. However, compliance is often enforced on an enterprise-wide basis, hence requiring an enterprise-wide view of operations, presenting a real challenge to utilities with multiple business units. This presentation will explore these changing standards, and the various ways that consolidated companies have sought to balance the conflicting demands of keeping separation of business units while accomplishing enterprise-wide compliance.  
**R. Michael Sweeney, Jr.**, *Partner*, HUNTON & WILLIAMS LLP
- 10:30-11:00 Morning refreshment & networking break
- 11:00- Noon **Update on Market Manipulation Rules and Enforcement**  
This presentation will provide an update on revisions to energy market manipulation rules and their potential impacts on enforcement procedures.  
**Ken Driver**, *Partner*, JONES DAY
- Noon-1:30 Group Luncheon

- 1:30-2:15 **Impacts of the New Significant Price Discovery Contracts Requirements on Compliance System**  
The recent CFTC Reauthorization has significant impacts on energy trading organizations: the regulation of certain energy and metals contracts traded on exempt commercial markets (ECMs) has been increased to further close “the Enron Loophole,” and for the first time market users of ECMs will be subject to the CFTC’s large trader reporting requirements. This presentation will review the circumstances under which these new requirements may apply to market participants, and the implications for reporting activity and compliance.  
**Peter Y. Malyshev**, *Partner*, MCDERMOTT WILL & EMERY LLP
- 2:15-3:00 **Understanding How the New Capacity Release Program Affects Compliance**  
In recent years some companies have incurred substantial civil penalties for violations of the FERC's capacity release and related natural gas transportation requirements. Recently issued Order No. 712 revises these regulations to remove the price cap on short-term capacity releases and to facilitate asset management agreements. While the changes relax the rules to provide more flexibility, certain important requirements and limitations have been retained. For example, not all asset management or asset optimization practices commonly used in the past are permitted by Order No. 712. This presentation will explain the changes and how they effect natural gas transactions.  
**Andrea Wolfman**, *Partner*, THELEN LLP
- 3:00-3:30 Afternoon refreshment & networking break
- 3:30-4:30 **Assessing the Impacts of Organizational Structure on Compliance System Requirements**  
The organizational structure of a company and its affiliates can affect how federal agencies assess penalties for violations of rules prohibiting fraud and market manipulation. This presentation will provide examples of the types of organizational structures that can lead to compliance risks, including structures criticized in recent enforcement actions. The presenters also will discuss how to develop an organizational structure that promotes compliance and provide tips on best practices to ensure sufficient independence and compliance monitoring.  
**Ginger Menown**, *Partner*, KPMG  
**Deborah Swanstrom**, *Partner*, PATTON BOGGS LLP