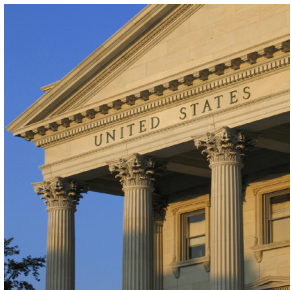




**Course length:** 4.5 hours    **Cost:** \$295-\$350\*  
**Prerequisites:** None    **Subscription:** 2-12 months  
**CPE credits:** 5 (see website for more details)

## An in-depth look at how and why the gas and electric industries are regulated

Regulation greatly impacts how natural gas and electric utilities can operate, generate revenue, and earn profits. It also affects what other industry participants are allowed to do and where they are allowed to operate. Understanding the basics of energy regulation is essential for those seeking a solid understanding of the energy business. Energy Regulation Fundamentals provides a thorough overview of the basic concepts of energy regulation, who the energy regulators are, and who regulates what on state versus federal levels. This learning path also explains the ratemaking process and is appropriate for industry newcomers as well as those interested in learning details on the how regulation works.



### WHO WILL BENEFIT FROM THIS COURSE?

- Experienced natural gas and electric company employees who have limited knowledge of regulation
- Experienced professionals moving into the energy industry
- Recent hires into regulatory positions in gas and electric companies
- Energy professionals from departments such as operations, engineering, information technology and customer services who are becoming active in regulatory proceedings or who have interaction with regulators
- Gas and electric company supervisors and managers who will oversee participants in regulatory proceedings or interact with regulators
- Finance, legal, public relations, and regulatory professionals needing a better understanding of gas and electric regulation
- Recent hires at state or federal regulatory agencies
- Recent ISO/RTO hires who need to understand the regulatory parameters under which ISOs operate

### WHAT PARTICIPANTS WILL LEARN

- Who the regulators are
- Who regulates what on a state and national basis
- The purpose of regulation in the natural gas and electric industries
- How regulatory proceedings work
- The principles of regulation
- How deregulation has been implemented
- The ratemaking process
- How companies make money in regulated markets

### COURSE AGENDA

#### Introduction

- The role of regulation
- Course objectives

#### Basic Concepts of Energy Regulation

- What is regulation?
- Why industries are regulated
- Energy companies that are regulated and why it's important to regulate them
  - Natural monopolies (LDCs, UDCs, vertically-integrated electric utilities, ISOs/RTOs)
  - Essential facilities (transmission lines, gas pipelines, gas storage facilities, LNG terminals)
  - Competitive market participants (merchant generators, wholesale traders, financial services providers, retail marketers)
- Who are the regulators and who do they regulate? (federal, state, local)
- What does regulation do?
- Impacts of regulation on energy companies, consumers and politicians
- A brief history of regulation in the U.S.
- The movement to deregulation in the U.S.
- The regulatory compact (federal and state)
- Six goals of regulators
  - Safe and reliable energy
  - Just and reasonable pricing
  - Economic efficiency
  - Consumer protection
  - Public goods programs
  - Fair return to shareholders
- How regulation is determined
- The regulatory process
- The realities of regulation

\* Please contact us for bulk discounts and site license pricing.





## Regulatory Proceedings

- The purpose of a regulatory proceeding
- Who initiates proceedings
- Proceedings initiated by a regulator (rulemakings, inquiries and investigations)
- Proceedings initiated by a regulated company (cost of capital proceedings, rate cases, certificate cases, applications, mergers and acquisitions approvals, proceedings initiated by others, complaints, petitions)
- The regulatory process step by step: proceeding initiation, initial conference, opening briefs, discovery, hearings, closing briefs, draft decision, final decision, implementation, appeal
- Settlements
- Participants and their roles and goals: commissioners, presiding officer, commission staff, regulated energy companies, regulated energy company employees, intervenors

## Revenue Requirements and Ratemaking

- Types of ratemaking
- Determining cost-based rates
  - Task 1: Establishing the cost of capital
  - Task 2: Setting the revenue requirement
  - Task 3: Allocating the revenue requirement among customer classes
  - Task 4: Setting rates
- The rate case proceeding
- How rates are adjusted between rate cycles
- Setting rates for municipal utilities and co-ops
- Issues with cost-of-service ratemaking
- Incentive regulation (performance incentives, market-based/benchmark incentives)
- Market-based rates
- The unique case of the ISO
- Impacts on earnings from each type of ratemaking

## Concepts of Natural Gas and Electricity Deregulation

- Reasons for deregulating an industry
- Unbundling the gas and electric industries
- Competitive wholesale markets and key transition issues (market liquidity, market power, transparent pricing, open access)
- Consistent rules
- Competitive retail markets and key transition issues
  - Multiple suppliers and open entry
  - Provider of last resort function
  - Reliability and sufficient capacity
  - Unbundling services and funding social programs
  - Cost allocation
  - Consumer protection and education
- Transition mechanisms
- Transition issues for the unbundled utility, competitive market participants and consumers
- The evolution and current status of gas restructuring in the U.S. (wholesale markets, retail markets state by state)
- The evolution and current status of electric restructuring in the U.S. (wholesale markets including current RTOs/ISOs, retail markets state by state)

