

## Notes from the 26<sup>th</sup> Meeting of the Market Pricing Working Group

Friday March 24, 2006, 8:30 – 2:00

**DRAFT**

### Attendees:

<u>Name</u>	<u>Company</u>	<u>Name</u>	<u>Company</u>
Abdelnour, Francois	Ivaco Rolling Mills	Snelson, Ken	AMPCO
Alpajaro, Peter	Bruce Power	Thoma, Tony	Wescast
Cipolla, Jim	Northland Power	Rothman, Mitch	Navigant
Benner, Ryan	Dofasco	Boland, Bruce	OPG
Bettle, Peter	Brookfield Power	Yang, Bunli	E4 Inc.
Blechta, George	Falconbridge		
Cary, Rob	Cardinal Power	Dieterle, Chris	IESO
Duzy, Margaret	TransCanada Energy	Finkbeiner, Darren	IESO
Harwood, Shane	Coral Energy Canada	Katsuras, George	IESO
Heaton, Randy	Ontario Power Generation	Kozlik, Ken	IESO
Kerr, Paul	Coral Energy Canada	Loughren, Chris	IESO
McCuaig, Paul	Powerex	Maria, Gamal	IESO
Clark, Wayne	AMPCO	Travers, Scott	IESO

**Note:** The customary review of action items was omitted at this meeting. This meeting is a continuation of meeting 25 where the discussion on the 12X RR issue was not completed.

### Item 1: Presentation of APPrO ramp supplement payment proposal

APPrO presented a Ramp Supplement Proposal in response to the AMPCO Ramp Pricing Proposal presented at the March 3 meeting. A discussion followed the APPrO presentation of the proposals merits. This discussion was extensive and included discussion of several of the other pricing proposals. This was followed up with a discussion of the relative merits of the remaining proposals which had not already been discussed.

Following the lunch break the members were informally surveyed to see if there was any additional discussion needed. The members expressed that the options had been sufficiently discussed and more work was needed to verify the details of the APPrO proposal.

Action Item - The IESO was asked to provide AMPCO with data and technical support to allow them to adequately assess the APPrO option and respond.

Stakeholder feedback was captured at the meeting and is included here.

### Stakeholder Feedback

- Harmonization between markets is good. Arbitrage will help even when there is not harmonization
- Set up the framework to have the cost of ramping integrated into the algorithm
- The algorithm is making ramping decision without any knowledge of the costs of ramping
- The 1X price will make the 'ramp payment' without working on the DSO

### MIO

- Dispatch advisories are frequently wrong. Is that the same information that would be used for pricing if MIO was installed in the unconstrained? If so, could the price be inaccurate since it could be based on the same information that is used to create the advisories
- MIO in the unconstrained may not price according to the marginal unit as the original design of the market intended.
- MIO does not include compensation for ramping, similar to the current 12X RR situation

### Ramp Supplement Payment

- The global ramp constraint (1XRR - 12XRR) does not compensate for all the periods where a generator may be ramping in response to a dispatch instruction
- Should we pay for ramping as it happens, or only when there is a constraint? The costs of ramping are incurred even when ramp is not a constraint.
- The current CMSC formulation does not adequately compensate a generator that is constrained on. When constrained on the CMSC compensates for the MW within that lamination even when the offer cost was intended to be for all the volume, not just the lamination volume.