

Notes from the 12th Meeting of the Market Pricing Working Group

Wednesday December 8, 2004, 09:00 – 12:00

Attendees:

<u>Name</u>	<u>Company</u>	<u>Name</u>	<u>Company</u>
Abdelnour, Francis	Ivaco Rolling Mills	Simpson, Mark	Westcast Industries
Bell, Brian	Ontario Power Generation	Smith, Paul	Dofasco
Benner, Ryan	Dofasco	Smith, Peter	Transalta
Bettle, Peter	Brascan Power	Snelson, Ken	AMPCO
Blechta, George	Falconbridge	Weber, Brian	Grimsby Power
Cary, Rob	Cardinal Power	Wu, Lawrence	TEAM
Cipolla, Jim	Northland Power	Yang, Bunli	E4
Coulbeck, Rob	Ontario Power Generation		
Decyk, Peter	Dofasco		
Duzy, Margaret	TransCanada Energy	Elnazir, Andrew	IMO
Harwood, Shane	Coral Energy Canada	Findlay, Al	IMO
Kerr, Paul	Coral Energy Canada	Hartshorn, Andrew	LECG
MacDonald, Darren	Gerdau Ameristeel	Haynes, Daryl	IMO MPWG Team
Miles, Tony	Hydro One Networks	Pietrewicz, Andrew	IMO MPWG Team
Norris, Paul	Ontario Waterpower	Rivard, Brian	IMO MPWG Team
Poyton, Cliff	Epcor Merchant & Capital	Sergejewich, Peter	IMO MPWG Team
Quenneville, Alain	Abitibi Consolidated	Wilbur, Bill	IMO MPWG Team

Item #1: Review of Action Items from November 26 Meeting

- § 2.1 – IMO staff continuing to examine methods to gain residential representation on the MPWG – **Open** – Due to the new electricity regulation (Bill 100), the IMO will be reviewing stakeholdering and any progress on this action item will be after that review.
- § 11.1 – IMO to look into hours where simulation shows 1x price significantly lower than 12x price – June 5, hours 16-18 – Analysis of those hours was presented - **Closed**
- § 11.2 – IMO to simulate a high system stress day – likely selected from the week of January 12, 2004 – Simulation has been done. Results will be checked before presentation to MPWG - **Open**.

Item #2: Temporal Issues

- § A second weekend long test of the simulation on the Sandbox environment has been scheduled for December 11/12. When completed, further longer period tests will be scheduled.

Item #3: Control Action Issues

- § Andrew Hartshorn of LECG presented an overview of the use of Reserve Demand Curves by the NYISO in their upcoming SMD2 market systems. In response to a member's question, Andrew stated that the NYISO business case for the SMD2 implementation did not separately examine the use of reserve demand curves. Some of the acronyms used in that presentation are defined here:
 - § BME – Balancing Market Evaluation (similar to IMO's pre-dispatch schedule),
 - § SCUC – Security Constrained Unit Commitment,
 - § NYCA – New York Control Area,
 - § RTS/SMD2 – name for NYISO's upcoming systems change,

- § SCD – Security Constrained Dispatch,
- § LMP – Location Marginal Price,
- § EDRP – Emergency Demand Reduction Program (pays load to reduce during emergency),
- § SMD – refers to FERC’s Standard Market Design, which although not a rule, is generally followed by US electricity markets.

The IMO will produce a paper on the use of Control Action Operating Reserve to promote further discussion of this issue. It was requested that this paper include the following: implications of the issue with and without a DAM, identify how voltage reduction fits in with other control actions for the IMO and other control areas, sensitivity of loads to VR, NERC and NPCC OR requirements, clarify current locational reserve requirements.

Item #4: Settlement Issues

- § IMO staff provided a summary paper on one of the alternatives for Settlement Adjustments that was discussed at the previous meeting – the Adjustment Period Allocation method. Also presented was a summary of settlement adjustments since market opening, which indicated that there have been adjustments almost every month and the vast majority have been less than one cent per MWh. It was suggested using this more precise adjustment method be considered for all adjustments.
- § IMO staff provided a summary of the existing compensation provisions for different facilities under various administered pricing scenarios. The IMO will provide a discussion paper to suggest possible alternatives for addressing this issue.

Item #5: Next Meeting Friday, January 14, 2005, 8:30 – 12:00 at the IMO’s Skymark offices