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## Notes from the 37<sup>th</sup> Meeting of the Market Pricing Working Group

Monday March 19, 2007

2:00 p.m. – 3:30 p.m.

Teleconference

**FINAL**

### Attendees:

<u>Name</u>	<u>Company</u>	<u>Name</u>	<u>Company</u>
Abdelnour, Francois	IVACO	Briggs, Jeanette	IESO
Alpajaro, Peter	Bruce Power	Chase, Maia	IESO
Bell, Brian	Ontario Power Generation	MacKenzie, John	IESO
Cary, Rob	Sithe Power	Maria, Gamal	IESO
Chung, Lam	Manitoba Hydro	Rivard, Brian	IESO
Cipolla, Jim	Northland Power	Savage, Jessica	IESO
Dade, Christine	Direct Energy		
Dumais, Dan	Xstrata Nickel		
Leung, Linda	Ontario Power Generation		
O'Connor, Sandy	TransAlta		
Passi, Mark	Xstrata Nickel		

### Item #1: Future MPWG Discussions on Market Efficiencies and Business Case Requirements

- John MacKenzie (IESO) summarized an IESO proposal for future separate sector sessions for future MPWG discussions on market efficiencies and business case requirements. Refer to published proposal at:  
[http://www.ieso.ca/imoweb/pubs/consult/mep2/MP\\_WG-20070301-MSP-market-efficiencies.pdf](http://www.ieso.ca/imoweb/pubs/consult/mep2/MP_WG-20070301-MSP-market-efficiencies.pdf)
- The Working Group was asked whether they agreed with the IESO proposal.

### Member Questions, Comments and Discussion

- a. Members generally did not support the IESO proposal for the following reasons:
  - Separate sector meeting would result in members in a sector not learning first hand the issues and concerns of members in other sectors;
  - Separate sector meetings could result in a longer process;
  - Acrimonious debate of the full MPWG needs to be managed;

- Common discussions will more efficiently yield common understanding of the pricing issue and the sector positions
- b. Some members stated that companies, for which electricity is not their main business, may have fewer resources and a lower level of understanding of the markets and pricing issues than other companies. “Background sessions” on issues would be helpful to bring people up to a common level of understanding. Such sessions should be open to all MPWG members.
- c. Some members expressed concern that sector positions on existing pricing issues have not been fully understood by the IESO. These members suggested that separate sector meetings be held with the IESO so that the sectors can re-state and reinforce their position on existing pricing issues. The Working Group generally supported these separate meetings as a special circumstance, but cautioned that such meetings should not become institutionalized.
- d. Consumer members stated that LDC and retailer interests are not aligned with consumer interests i.e. LDCs and retailers do not care about price. Therefore, the consumer sector meeting should exclude LDCs and retailers. A retailer strongly objected to the consumer assertion, but that in the interests of moving forward the retailer agreed that consumers would have a separate meeting.
- e. MPWG discussions of issues need to “slow down” to ensure that:
  - all parties have opportunity to learn and understand the issue;
  - all sectors have opportunity to formulate and express their concerns and positions on issues; and
  - the IESO has heard and acknowledged the concerns and positions of each sector.
- f. The IESO suggested and members agreed that members need to identify the criteria used as the basis for sector positions on the pricing issues. It was also agreed that written submission are a good way of crystallizing and clarifying sector positions.
- g. Some members stated that, given the experience of the ongoing OEB review of the ramp rate multiplier market rule, expressing their views at the MPWG on a particular issue could prejudice a possible OEB review of a market rule amendment addressing that issue. Discussions at the MPWG should be understood to be “without prejudice”. Other members suggested that the informal nature of MPWG discussions should not prejudice such OEB reviews.
- h. More rigorous IESO planning of activities to address issues, including milestones and decision points, would be helpful for members to:
  - identify the need for “background sessions” on particular issues,
  - formulate their concerns and positions on particular issues.

**Next steps:**

- The IESO will schedule separate sector meetings to review the sector positions on pricing issues. Separate meetings will be held for (i) consumers, (ii) generators, (iii) intertie traders and (iv) LDCS and retailers.

- The next meeting of the MPWG will be Tuesday April 3. The main subject of that meeting will be market efficiencies and business case requirements. Also, for this meeting the IESO will (i) prepare a MPWG forward agenda showing activities for the upcoming 12-month period and (ii) update the issues tracking report.

### Action Items

- **AI 33-1:** IESO to include a review of the definition of allocative and dynamic efficiencies on agenda of future MPWG meeting – preferably the November 3<sup>rd</sup> 2006 meeting.  
**Status:** open.
- **AI 33-2:** IESO to advise MPWG why intertie nodal shadow prices are not included in the shadow price analysis.  
**Status:** open. IESO to follow-up to determine if this is being discussed at Inter-Jurisdictional Traders Committee.  
**Status:** open
- **AI 34-5:** IESO to report back at December MPWG meeting on peak vs average efficiencies and price impact analysis.  
**Status:** open. Only “gross inefficiencies” analysis presented and discussed at December 2006 meeting.
- **AI 36-1:** IESO to determine at what level of scheduling of Control Action Operating Reserve would the IESO have reliability concerns.  
**Status:** open.
- **AI 36-2:** Do other electricity market and system operators use peak or average demand forecasts?  
**Status:** open.