

# Market Pricing Working Group Meeting #55



## Notes of Meeting – DRAFT

<b>Date held:</b> April 7, 2009	<b>Time held:</b> 8:30 a.m. to 11:00 a.m.	<b>Location held:</b> -IESO's Clarkson Facility Mississauga, Ontario -Teleconference
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<b>Invited/Attended:</b>	<b>Company name:</b>	<b>Attendance Status:</b> (A)ttended; (R)egrets; (S)ubstitute
Bell, Brian	Ontario Power Generation	A (teleconference)
Bellevance, Eric	Hydro Quebec Energy Markets	A (teleconference)
Bergman, Mark	Ministry of Energy	A (teleconference)
Butters, Dave	APPRO	A (teleconference)
Calic, Peter	Manitoba Hydro	A (teleconference)
Cary, Rob	Sithe Global	A
Forsyth, Dave	Gerdau Ameristeel	A (teleconference)
Greenberg, Jessica	IESO	A
Harrison, Susan	IESO	A
Heaton, Randy	TransCanada	A
He, Andy	IESO	A
Hunt, Bob	Hunt Management Services	A
Kerr, Paul	Shell Energy	A (teleconference)
Khoo, Derrick	IESO	A
Kokotsis, Ella	IESO	A
Kuntz, Margaret	TransCanada	A (teleconference)
Loughren, Chris	Bruce Power	A (teleconference)
MacKenzie, John (Chair)	IESO	A
Maria, Gamal	IESO	A
Matsugu, Darren	IESO	A
Mei, Sam	AMPCO	A (teleconference)
Olmstead, Derek	IESO	A
Pakela, Greg	DTE Energy Trading	A (teleconference)
Peterson, David	Ontario Power Generation	A (teleconference)
Rivard, Brian	IESO	A (teleconference)
Savage, Jessica	IESO	A
Singh, Diljeet	IESO	A
Wang, Maggie	OPA	A (teleconference)

<b>Invited/Attended:</b>	<b>Company name:</b>	<b>Attendance Status:</b> (A)ttended; (R)egrets; (S)ubstitute
Wells, David	Manitoba Hydro	A
Wu, Lawrence	TEAM ltd.	A (teleconference)
Yang, Bunli	E4	A (teleconference)
<b>Scribe:</b> Diljeet Singh, IESO. Please report any corrections, additions or deletions to these notes to the following e-mail address: <a href="mailto:iesomarketpricingworkinggroup@ieso.ca">iesomarketpricingworkinggroup@ieso.ca</a>		

All meeting material is available on the IESO web site at:  
[http://www.ieso.ca/imoweb/consult/mep\\_mp.asp](http://www.ieso.ca/imoweb/consult/mep_mp.asp)

## Item 1 - Administration

### a) Review of Agenda

No changes to the agenda

### b) Review of Notes from MPWG Meeting #54, February 3<sup>rd</sup>, 2009

Refer to document published on IESO web site at the following link:

[http://www.ieso.ca/imoweb/pubs/consult/mep2/MP\\_WG-20090407-Notes-M54-DRAFT.pdf](http://www.ieso.ca/imoweb/pubs/consult/mep2/MP_WG-20090407-Notes-M54-DRAFT.pdf)

#### Members Questions, Comments and Discussion

- A generator requested the IESO to take an action item regarding ramp constrained generation setting the real-time price that was raised in the February MPWG meeting. The IESO noted the need for the clarification around this issue. The IESO agreed to taking the action item (AI 54-1) and reporting back to the MPWG at a future meeting.

#### Next Steps

IESO to include AI 54-1 in the February meeting notes and post the notes as final.

### c) Review of Action Items

John MacKenzie (IESO) requested stakeholders to provide feedback on only the first bullet point under the action item AI 51-1, namely:

- Whether OPA DR program transparency and reporting meets stakeholder needs.

MPWG members were asked to submit comments by April 24<sup>th</sup>, 2009. (Since the IESO was delayed in sending the request for comments to the general MPWG membership, the due date for written comments was extended to May 1st, 2009.)

#### Members Questions, Comments and Discussion

None.

### Next Steps

All the concerns/comments received by the IESO would be forwarded to the OPA.

#### **d) Updates**

Brian Rivard (IESO) provided updates on the following issues and initiatives:

- Issue #4 - Ramp Rate in Real-Time Market Schedule:  
The IESO expects to present, at the next MPWG meeting, econometric analysis of the impact of the change to 3x ramp rate in the real-time market schedule.
- Issue #13 – Control Action Operating Reserve  
In anticipation of implications of Green Energy Act (GEA) and due to staffing limitations, resources has been diverted towards determining possible impacts on markets due to GEA. Therefore, at this time, the IESO is unable to complete simulations related to CAOR.

#### **Item 2: Issue #41: More Efficient Uniform Price (MEUP)**

Darren Matsugu (IESO) presented the proposed scope of the study and provided specific examples for the stakeholder feedback. Refer to document published on IESO web site at the following link

[http://www.ieso.ca/imoweb/pubs/consult/mep2/MP\\_WG-20090407-MEUP\\_Presentation.pdf](http://www.ieso.ca/imoweb/pubs/consult/mep2/MP_WG-20090407-MEUP_Presentation.pdf).

#### Members Questions, Comments and Discussion

1. With respect to congestion, a stakeholder raised concern regarding locational premiums that generators negotiate with OPA in their contracts. In response, a generator stated that the OPA has discontinued using locational premiums for generators that were used for some CES contracts.
2. A generator stressed that considering current market conditions, there are other important operational issues that require pressing attention. He expressed support for improvements proposed under MEUP, however, emphasized that the change may trigger results which could possibly be unacceptable under the current market scenario. He further suggested the MPWG to review the priority of MEUP in light of other operational issues that require immediate attention. In response, the IESO suggested that it may reallocate resources to deal with current operational issues. The MEUP study was discussed at this meeting to follow through on the Stakeholder Advisory Committee's request to investigate the issue.
3. A generator asked whether the IESO plans to assess the impact of the Green Energy Act (GEA) on the sustainability of MCP. The IESO stated that it was doing a review of the impact of the GEA on market operations for its own use in strategic planning. To the extent this information could be shared with the MPWG, the IESO would do so. Also, market participants are encouraged to bring forward relevant issues and concerns to the MPWG for broader discussion within the group.

4. A generator expressed strong support for diverting resources towards other, more pressing issues. He further suggested that the priority should be addressing the dispatch/operational issues. Although dispatch issues are outside of the scope of MPWG scope, pricing issues would fall out of these operational issues.
5. The IESO informed the MPWG that the current priorities were based on an assessment that was conducted in 2008. The IESO intends to review its priorities every calendar quarter; the Green Energy Act will likely change the priorities of current issues.

#### Next Steps

The IESO will be re-evaluating the allocation of resources towards MEUP as part of its issues prioritization exercise. The Stakeholder Advisory Committee has asked the IESO to provide a discussion paper on this topic for their next meeting on June 3. Feedback from the MPWG will be provided as well.

### **Item 3: Other Business**

#### **a) Members Issues**

A generator requested the IESO to specify the minimum standard for the publication of meeting material. In response, the IESO stated that it will attempt to meet the following targets for the distribution of MPWG material:

- Meeting materials distributed at least 2 business days before the meeting; and
- Draft notes from a meeting distributed to the meeting attendees within two weeks after the meeting.

#### **b) Review of January and February 2009 Pricing Events**

Derrick Khoo (IESO) presented a summary of pricing events for January and February 2009. On a request from a stakeholder, the presentation also included a brief summary on the low priced weekend in March (March 28 & 29, 2009). Refer to document published on IESO public web site at the following location:

[http://www.ieso.ca/imoweb/pubs/consult/mep2/MP\\_WG-20090203-Presentation-Nov-Dec\\_2008\\_Pricing\\_Events.pdf](http://www.ieso.ca/imoweb/pubs/consult/mep2/MP_WG-20090203-Presentation-Nov-Dec_2008_Pricing_Events.pdf)

#### Members Questions, Comments and Discussion

- A stakeholder asked about all the contingencies that contributed towards generation loss of 1700 MW on February 18<sup>th</sup>, 2009. The IESO will follow up and report back to the MPWG - see follow-up report below.

The contingencies that contributed to the high prices observed on February 18, 2009 were a result of the following events that all occurred in the morning:

- Loss of B561M (Bruce x Milton), which resulted in 825MW generation loss due to the special protection system operation

- After the B561M line loss, a generator was forced to reduce by 500MW to avoid security limit violation
- A loss of a generating unit (480MW)
- A forced derate of 320MW due to equipment limitations on a generating unit

c) **Operational Issues**

Jessica Greenberg (IESO) presented a summary of the transmission outages that contributed towards the low pricing events that took place on the weekend of March 28<sup>th</sup> & 29<sup>th</sup>, 2009.

Members Questions, Comments and Discussion

1. A stakeholder asked what steps the IESO takes to manage surplus baseload generation (SBG) conditions and what decision criterion is used for curtailing generation during surplus baseload conditions. In response, the IESO informed the members that there was an interim procedure developed during the end of last year to address excess supply situations.
2. The IESO stated that all intermittent and self-scheduling resources fall under the 'non-dispatchable' category, while nuclear units are deemed dispatchable. Therefore, the IESO does not have the authority to dispatch intermittent and self-schedulers instead of dispatching a nuclear unit. A generator representative suggested re-examining the incentives for nuclear resources which are under regulated price plan (RPP) as opposed to other nuclear generators which are not part of it. The IESO informed the members that the issues related to dispatch priority are being considered under SE-57 consultation.  
([http://www.ieso.ca/imoweb/consult/consult\\_se57.asp](http://www.ieso.ca/imoweb/consult/consult_se57.asp))
3. A generator representative asked what the implications are of the NY tie line outage and when the tie line is expected to come back into service. The IESO stated that had the NY tie line been in service, it could have enabled the IESO to reduce SBG by 1000MW by exporting that quantity of MW. The tie line is expected to remain out of service for two more weeks.
4. A stakeholder stated that even though the tie line scheduling limit is set to zero, there is still flow. The stakeholder was concerned about the impact this flow would have on prices. In response, the IESO stated that it is typically result of uncontrollable Lake Erie loop flow, however, the physical limit on line was placed at zero. Therefore, it doesn't have any impact on unconstrained prices.
5. A stakeholder representative stated that issues related to surplus baseload generation are dispatch issues and do not fall under MPWG scope. Other generators expressed disagreement with the above assertion and claimed that it has direct impact on prices and, therefore, MPWG should be involved in calculation of prices during surplus baseload conditions.

Action Item Summary				
AI #	Date AI Taken	Action	Status	Comments
AI 51-1	19 Aug 08	<p>In the spring of 2009, the Working Group to review:</p> <ul style="list-style-type: none"> <li>• whether OPA DR program transparency and reporting meets stakeholder needs; and</li> <li>• impact of OPA DR3 program on operating reserve markets.</li> </ul>	<p>Open</p> <p>Target completion date: Q2 2009</p>	
AI 53-1	2 Dec 08	IESO to determine why local distribution companies are not allowed to offer voltage reductions into the market as a source of operating reserve.	<p>Open</p> <p>Target completion date – unknown</p>	
AI 53-2	2 Dec 08	For issue #7 (Intertie Transactions Setting Real-Time Price) the IESO is to re-frame the issue in terms of the ‘problem’ rather than an assumed solution.	<p>Open</p> <p>Target completion date – unknown</p>	
AI 53-3	2 Dec 08	The IESO agreed to report back to the April MPWG meeting regarding the changes to the generation output reporting of commissioning generation.	<p>Closed</p> <p>The IESO reported that the changes were implemented in March 2009.</p>	
AI 54-1	3 Feb 09	The IESO to determine whether ramp rate constrained generator can set real-time price.	<p>Open</p> <p>Target completion date – unknown</p>	