

Minutes of Meeting EDAC - Settlements Design Working Group

Date held: April 21, 2009	Time held: 8:00 pm to 13:30 pm	Location: Clarkson SCC
Invited/Attended	Company Name	Attendance Status (A)ttended; (R)egrets; (S)ubstitute
McLeod, Ron	Abitibi Bowater	A
Hopping, Uschi	Aquilon Power Corporation	A
Jain, Anshul	Aquilon Power Corporation	A
Cormier, Pascal	Brookfield Power	R
Selesse, Stephanie	Brookfield Power	A
Maguire, Mylene	Brookfield Power	R
Forsyth, Dave	Gerdau AmeriSteel Corporation	A
Lin, Jane	Greater Toronto Airports Authority	A
Iwami, Yoshitoshi	Greenfield Energy Centre	R
Turner, Drew	Greenfield Energy Centre	A
Richard Penn	Greenfield Energy Centre	A
Abdelnour, Francois	Ivaco Rolling Mills	R
Romanish, Orest	Northland Power Incorporated	A
Ather, Naveed	Ontario Power Generation	A
Peterson, David	Ontario Power Generation	A
Rilling, Mike (IT)	Ontario Power Generation	A
Walker, Phil	Ontario Power Generation	A
Kerr, Paul	Shell Energy	R
Kraayenbrink, Ron	St. Clair Energy	R
Heaton, Randy	TransCanada Energy	R
Kuntz, Margaret	TransCanada Energy	A
Palmberg, Kirsten	TransCanada Energy	A
Nora Vasquez	TransCanada Energy	A
Berry, Scott	IESO	A
Boudreau, John	IESO	A
Briggs, Jeannette	IESO	A
Miller, Al	IESO	A
NG, Hok	IESO	A
Springgay, Guy	IESO	A(Part Time)

All finalized meeting material is available on the IESO web site at:
http://www.ieso.ca/imoweb/consult/consult_se73.asp

Summary of Meeting Discussion

Item 1 Welcome and Agenda

Al Miller welcomed the participants to the first EDAC Settlements Design Settlements Working Group meeting. He introduced the IESO staff that was present at the meeting.

Members were advised to notify Guy Springgay of their attendance at upcoming meetings and he will advise IESO security. Seating for meetings held at Clarkson may be limited so members were advised to limit attendance to only those that are required to attend.

Al reviewed the agenda with the group and described the meeting structure and facilities. One agenda Item was added to the day by the IESO. It was a request to have a brief discussion on Price Changes between EDAC and Real-time.

Item 2 Design Working Group Terms of Reference

Al reviewed the Design Working Group Terms of Reference with the group.

Scope - The working group scope is to provide advice on the development of the EDAC detailed design. Changes to the Market design will be considered out of scope unless a fatal flaw is identified. Business requirements will be developed during first phase of the design without pre-determining a solution and Market rules will be developed in parallel. Procedure development will be started following the completion of the detailed design stage. Real Time issues may be addressed as part of the project, but only where the issue is a direct result of implementing EDAC.

Methodology – Stakeholdering is directional in nature and will focus on EDAC issues only. Any Real Time or unrelated issues will be identified to the appropriate IESO staff for follow-up.

Procedures - No voting or requirement to achieve consensus. Material will be posted no later than 2 business days in advance. Members may be requested to provide written submissions. Material and correspondence will be exchanged through the portal. Draft minutes will be available within 2 business days following the meeting & members will be given 2 business days to review and comment on the draft.

Meeting Dates and Agendas – dates are posted on the portal with agenda outlines as included in the slide deck.

Portal – The IESO provided a refresher on how to navigate the portal for DWG material.

Item 3 Issue Log

The IESO showed the group a sample of the issue log. Each item will have an ID and items prefaced with the letter O relate to the Operations Design Working Group and S for Settlements Design Working Group. Items will be updated as changes occur and the log will be available on the portal.

Item 4 Day-Ahead Production Cost Guarantees (DA-PCG)

The IESO presented a description of the DA-PCG including an overview of eligibility, a comparison of PCG versus the current DA Generator cost guarantee, the Offer components utilized in the PCG calculation, the components of the PCG calculation along with specific examples.

Through the conversations with attendees, it was noted that

- The term costs in the DA-PCG calculations refers to “as-offered” costs, not true costs,
- It is permissible to include amounts associated with ramp down and OM&A costs in the submitted Start-up offer, as these are competitive values,
- Real-time Energy and OR values used in the calculations will be limited to the DA scheduled energy quantity,
- The guarantee calculation is based on the lesser of the real-time constrained schedule, actual energy injected (AQEI) and the day-ahead schedule
- Revenues from over production in real-time beyond the DA schedule does not count toward PCG Calculation
- The Operating Cap in Component 2 is meant to limit calculation to the Derated value of the generator

Further questions arose as to what the impact of reduce the real-time offer to a negative would be on component 2 of the calculation. The IESO believe that this value is set such that it will not go negative in the Calculation of Component 2, but needs to reaffirm this.

Action: IESO to review the treatment of changing offers from a positive day-ahead to a negative in real-time on the PCG calculation.

The Examples show the “Q” of the P,Q pairs as static in the examples between day-ahead to real-time. A Participant asked whether the settlement systems handle changes in “Q” from day-ahead to real-time. Yes, this is handled effectively today and will continue in EDAC.

Another participant asked if it was mandatory to offer OR into EDAC in order to offer OR into real-time. It was identified that while the offering of OR into EDAC was not necessary, the ability to offer OR into Real-time would be constrained by the ADE established by the EDAC offers. That is, the total of Energy and Operating Reserve offers in real-time will be limited to the ADE.

It was noted by the IESO that the net OR revenue calculation (Component 4) demonstrated in the presentation is a simplification of the actual OR calculation. Participants asked to have the detailed calculation made available.

Action: IESO to post the detailed net OR revenue calculation for Component 4.

Component 4 reduces PCG due to net OR revenues by considering revenue in the following order:

- 1) 10 Minute Spin,
- 2) 10 Minute Non-Spin and then
- 3) 30 Minute Non spin.

The rationale in this ordering was that analysis identified that the impact to participants can be detrimental in either this order, or a reverse. As a result, this order was chosen purely from the concept that the ordering should relate to the relationship to energy. Some participants identified that the ordering identified takes the greatest revenues from the participant. Since the IESO is neutral on this item as the IESO sees drawbacks to each ordering and welcomes Participant input.

Action: Participants to identify the rationale for ordering from 30 Minute Non Spin to 10 Minute Spin.

Item 5 PCG Examples

It was noted by the IESO that while the examples are based on an hourly granularity for simplification. The actual settlement is done on a 5 minute basis and the settlement systems will manage this change accordingly. For example the Speed-no-load costs would be divided by 12 to affect the proper calculation.

Participants were interested in the details that will be shown in the settlement file (ie derates etc). The IESO noted that this is future work.

Another participant questioned what would happen if the real-time offers were greater than day-ahead. The IESO noted that the settlement formula is sensitive to the signs and will reduce the DA-PCG accordingly should this occur and your schedule be less than day-ahead.

Item 6 De-commitment and Withdrawals

The IESO discussed the DA-PCG settlement treatment for Decommitment and Withdrawals. For de-commitment the DA-PCG treatment will be the same as today. For withdrawals not within the market participant's control, it was noted that the start-up costs would not be prorated, however the DA-PCG will be based on the hours delivered. For withdrawals within the market participant's control, it was noted that the DA-PCG will not be calculated.

Item 7 Day-Ahead -PCG Across Days

The IESO reviewed the DA-PCG calculation across days where the Minimum Generation Block Run Time (MGBRT) lasts beyond the 24-hour dispatch day. Specific to the discussion was the participant's ability to escalate start-up offers at the end of the EDAC day and how the offers will be treated in Day 2. The example highlighted that the incremental energy portion between zero and MLP along with Speed-no-load costs for Day 2 would not be included in the DA-PCG for Day2.

Some participants question the impact on the DA-PCG calculation, as there appears to be a need for additional components under this scenario. Questions were also raised as to the treatment of start-up costs in day 2 where no start actually occurs. Specifically what is the treatment when EDAC schedules a resource in hour ending 1 but it is running in hour ending 24 the day before but had completed its MGBRT.

Action: IESO to publish the detailed Offer example shown that was a subsidiary to the presentation.

Action: IESO to publish the treatment of start up costs that occur in Hour ending 1.

Action: IESO to publish how the SNL and incremental energy will be excluded from the DA-PCG settlement calculation when EDAC schedule relates to the remaining MGBRT of a start at the end of the previous day.

Editorial Note: During the course of discussion on this topic internal to the IESO it has been identified that for the second day of an across days start could change by the submission of daily dispatch data changing either the MLP or MGBRT. The IESO will use the updated values for constraining on resources and the updated values will be excluded from the DA-PCG calculations.

Item 8 Two Scheduled Starts Within a Day

The IESO reviewed the day-ahead PCG calculation where two starts occur within the same day. No specific comments were noted.

Item 9 Day-Ahead PCG Compliance Requirements

The IESO reviewed the impacts on DA-PCG where a generator fails to meet MLP by the time specified. While participants agreed to the IESO's rationale that there needs to be incentives to be on time, there was concern over the all or nothing intent of the requirement. Others question whether three intervals was sufficient as they felt that units will synchronize well in advance of the requirement to be at MLP thereby exacerbating the impacts of MLP in low load times. Request to consider a larger number of intervals before the loss of DA-PCG, a prorated system of reduction to PCG, or a charge penalizing the participant for the delay can be considered.

Action: IESO to consider alternative methods of establishing the compliance to be at MLP.

Editorial Note: The IESO reviewed the deadband for the minimum loading point for the EDAC schedule. The IESO and participants agreed the deadband is the greater of 2% of the minimum loading point or 15 MW, consistent with Market Rule Interpretation Bulletin IMO_MKRI_0001.

Item 10 Price Changes between EDAC and Real-time

The IESO requested some feedback on the drivers of price changes between day-ahead and real-time. The discussion centered on what would compel a participant to offer in a manner that requires them to reduce their offers in real-time below their real-time costs. While some participants indicated that it was other inefficiencies in the IESO market that restricts the

participant's ability to achieve their desired outcome, others identified that contract incentives incent participants to offer in a certain manner

Action: IESO to develop a specific Question for the -real-time pricing issue.

Item 11 Wrap up

The session was wrapped up with a review of the proposed agenda items for the next meeting which is scheduled for May 13, 2009.

Revisions to the slides discussed at the meeting will be published with the minutes.

Action Item Summary				
#	Date	Action	Status	Comments
1	April 21, 2009	IESO to review the treatment of changing offers from a positive day-ahead to a negative in real-time on the PCG calculation.	Open	
2	April 21, 2009	IESO to post the detailed net OR revenue calculation for Component 4.	Open	
3	April 21, 2009	Participants to identify the rationale for ordering from 30 Minute Non Spin to 10 Minute Spin.	Open	
4	April 21, 2009	IESO to publish the detailed Offer example shown that was a subsidiary to the presentation.	Open	
5	April 21, 2009	IESO to publish the treatment of start up costs that occur in Hour ending 1.	Open	
6	April 21, 2009	IESO to publish how the SNL and incremental energy will be	Open	

Action Item Summary				
#	Date	Action	Status	Comments
		excluded from the DA-PCG settlement calculation when EDAC schedule relates to the remaining MGBRT of a start at the end of the previous day.		
7	April 21, 2009	IESO to consider alternative methods of establishing the compliance to be at MLP.	Open	
8	April 21, 2009	IESO to develop a specific Question for the -real-time pricing issue.	Open	