

## Minutes of Meeting

December 7, 2006, 9:00 am – 2:00 pm

Skymark

### Attendees

Company	Name
Brookfield Energy Marketing	LeBlanc, Alain
Coral Energy	Kerr, Paul
Direct Energy Marketing Limited	Lung, Gene
Hydro Quebec	Bellavance, Erik
Manitoba Hydro	Hunter, Kelly
NorthPoint Energy Solutions	Friesen, Bob
NorthPoint Energy Solutions	Czarnecki, Tina
<b>Via Teleconferencing</b>	
Constellation	Wetzel, Raymond
MAG Energy Solutions Incorporated	Vezina, Alex
Manitoba Hydro	Penner, Ryan
Manitoba Hydro	Hehn, Ryan
NorthPoint Energy Solutions	Slade, Dennis
NorthPoint Energy Solutions	Bender, Darwin
Ontario Power Generation	Bell, Brian
Ontario Power Generation	Gell, Richard
Ontario Power Generation	Leung, Linda

<b>IESO</b>
Robitaille, Dave
Springgay, Guy
Devereaux, Dave
Finkbeiner, Darren
Bull, Tabatha
Phillips, Carmela
Harris, Iqbal

## COMMENTS

Going forward this group will be a Standing Committee as the committee no longer operate as a Sub-Committee of the Market Operations Standing Committee (MOSC).

Darren Finkbeiner announced that Dave Robitaille will be the new Chairperson of the Intertie Trading Working Group. Dave can be reached at [dave.robaille@ieso.ca](mailto:dave.robaille@ieso.ca).

### **Agenda Item #1: Minutes of Prior Meeting**

Tabatha Bull followed up on the meeting of June 21, 2006 with respect to the Day Ahead Intertie Offer Guarantee (DA IOG) and Real Time (RT) IOG interaction with constrained on imports. An urgent market rule MR-00323-R00 was approved by the IESO Board July 27, 2006 and came into effect July 28, 2006. This market rule provided for an adjustment to market participant's settlement amounts to ensure that market participants receive sufficient Intertie Offer Guarantee revenues for import transactions that receive a Day Ahead Commitment Process (DACP) constrained schedule. Since July 28, 2006 the IESO has made adjustments on 13 occasions for a total of approximately \$5000.00

### **Agenda Item #2: IESO Update on Publication of when Net Interchange Scheduling Limit (NISL) is Binding and;**

### **Agenda Item #3: IESO Update on Publication of Shadow Prices (LMP) on Interties**

The IESO is currently working on the publication of this data. The report details are still in progress as to whether a new report will be created or an addition made to the existing shadow price report.

Market Participants can expect to see one LMP price per intertie for all hours of each predispach run and also in which of those hours NISL is a binding constraint.

The IESO will only be publishing the predispach prices (not real time).

The work is currently in vendor costing and quotations are expected by January 2007 at which time the IESO will follow up with a schedule for implementation.

In conjunction with this work the IESO will be reassessing the penalty factors at the external nodes to ensure that there is consistency between the import and export points. If any changes are necessary the working group will be notified.

A question was placed to the attendees if they had a preference as to how the information was published.

The market participants in attendance asked only that the information be readily available as the shadow prices are now.

#### **Agenda Item #4: Future of Financially Binding Status / DACP Continuation**

- (a) Update on implementation for NYISO
- (b) Extension to MISO provision of data to support FBS until June 1, 2007
- (c) Use of Financially Binding Status (FBS) so far in Day Ahead Commitment

A presentation was made by Darren Finkbeiner. The presentation can be found at [http://www.ieso.ca/imowebpub/200612/intertieTrading-20061207-FBS\\_IJT.pdf](http://www.ieso.ca/imowebpub/200612/intertieTrading-20061207-FBS_IJT.pdf)

The IESO's IT and Settlement groups have been working with NYISO to acquire the necessary information but the process has been difficult.

**Action:** IESO will follow up with an update on the information gathering and any potential issues.

A question was put to the attendees.

How do we want to proceed with FBS, if at all? The basic idea behind FBS being that it allowed market participants trading on certain interties to keep the money that they would not be allowed to keep had they been transacting in real time only. The IOGs paid on MISO from August – November 2006 have totalled \$13 million.

One suggestion from the attendees was to eliminate FBS and maintain the IOG offset. A number of comments were also made on the lack of participation in the DACP, stemming from the delivery risks of offering day ahead outweighing the advantages, the one settlement system, no Market Clearing Price (MCP) and others. Some discussion followed resulting in the following actions being taken by the IESO.

**Action:** Attach DACP Recommendation Report to minutes.

**Action:** Provide further information and a recommendation on FBS, including a discussion on its possible elimination.

It was concluded that FBS would continue and that the IESO would continue to acquire information from NYISO.

## Agenda Item #5: Future Initiatives

- (a) A presentation was made by Darren Finkbeiner – this presentation can be found at [http://www.ieso.ca/imowebpub/200612/intertieTrading-20061207-Future\\_items\\_IJT.pdf](http://www.ieso.ca/imowebpub/200612/intertieTrading-20061207-Future_items_IJT.pdf)

The following items were discussed:

- i) NPCC 10 minute spinning reserve definition changes
  - IESO currently has 700 MW of dispatchable load
  - The dispatchable load will not have to be remotely controlled but will be required to demonstrate unloading capability
- ii) NPCC reserve sharing changes
  - economic trade will be a priority
- iii) IESO Participation in ACE diversity
  - NY, NE and the Maritimes are currently participating
  - This will allow the priority to be given to the intertie
  - IESO is still looking at one tagging issue and will update at the next meeting
- iv) One hour IESO Bid/Offer Window
  - will apply to all internal and intertie participants
  - the IESO is expected to be able to implement one hour without significant tool changes
  - the IESO will continue to charge for failures
  - would eliminate the MISO and NYISO protocol
  - attendees would prefer to go to a one hour offer/bid window if a decision had to be made immediately but they would like to have more information, specifically on the potential problems without the protocols.

It was noted that the IESO must recognize the long term affects of these items on price, especially for those who have contracts established prior to the changes.

**Action:** IESO will provide more information on the one-hour bid/offer window.

- (b) Update on discussion with MISO on checkout protocol

A presentation was made by Dave Robitaille – this presentation is available at [http://www.ieso.ca/imowebpub/200612/intertieTrading-20061207-Seam-Imprv\\_IJT.pdf](http://www.ieso.ca/imowebpub/200612/intertieTrading-20061207-Seam-Imprv_IJT.pdf)

Some discussion followed with respect to the MISO protocol. The IESO took the following actions.

**Action:** Investigate the following – What if a participant’s transmission is adjusted down and after T-45 their schedule increases? Do they have to re-buy the transmission? Can the tag be re-adjusted back up?

**Action:** Will not getting transmission service still be a bonafide reason for failure?

### **Agenda Item #6: IESO Update on Analysis of Real Time Failure Charge**

A presentation was made by Carmela Phillips – this presentation is available at <http://www.ieso.ca/imowebpub/200612/intertieTrading-20061207-RTFCDec2006Review.pdf>

Some discussion followed with respect to confirmed ramp reservations being denied ramp due to partial energy scheduling. Some further investigation is necessary but in the meantime the IESO will continue to not charge for failure to obtain ramp.

### **Agenda Item #7: Additional Business**

Paul Kerr brought forward the following items to the meeting:

(a) Meeting Frequency

It was proposed that the meeting be held more frequently every two months and that they are coordinated with the Market Pricing Working Group meetings with the stipulation that sufficient subject matter exists.

(b) Seams Agreements

Paul requested that a standing agenda item entitled Seams Issues and Agreements be included in each meeting.

(c) Hydro One Export Tariff Rate Case

Paul requested information on the IESO’s response or input with respect to Hydro One’s Export Tariff Rate Case.

The IESO is supporting the idea of the elimination of rate pan caking when done simultaneously with our neighbours. The IESO agreed to follow up with our Regulatory Affairs group headed by Kim Warren ([kim.warren@ieso.ca](mailto:kim.warren@ieso.ca)).

(d) Export Compensation for IESO right to curtail

A discussion took place regarding the reasoning for not permitting export transactions the eligibility of receiving compensation in the form of operating reserve payments when the IESO deems them as being recallable. The foundation of this discussion was based on appropriateness. In order to explain the rationale, a chronological sequence of proceedings took place, beginning with the inception of the market. Once the market opened, all transactions were deemed as "firm" - meaning resources would be committed to support that transaction however if the Dispatch Scheduling Optimiser (DSO) recognized a shortage in Operating Reserve (OR) the export would not get scheduled. A provision was then added in the market rules such that participants that wish to become a "price taking" export would be classified as "priority exports" priced at + Maximum Market Clearing Price (MMCP) and would not be subjected to not getting scheduled if the DSO recognized an OR shortage. Originally this privilege is seen as having a neutral pressure on price as the OR requirement was reduced simultaneously and ultimately had little or no affect on consumers. At the same time it was agreed to by the IESO Board that voltage reductions will not take place while forming part Operating Reserve if export transactions are flowing. Having said that, as opposed to curtailing an export transaction when OR shortages are forecasted or occurring, in order to be transparent and permit the export to continue flowing, the export transaction can be deemed as "recallable" for the purpose of overcoming the shortage if the receiving area was in agreement. Then came the introduction of Control Action Operating Reserve (CAOR). CAOR's purpose is to assign a monetary value to an out of market control action specifically voltage reduction and the ability to forego the acquisition of OR. As a result of valuing the CAOR, export transaction may continue to flow even when CAOR is scheduled. If CAOR was not offered the export would have never gotten scheduled or would have been curtailed depending on the timeline (pre-dispatch or real time). Allowing the export to continue to flow permits the participant to continue trading at times when they would not otherwise would have with the consequence of an upward pressure on price is being felt. The implementation of the RT only CAOR had similar affects on the export scheduling and price. With this explanation the IJTSC is not recommending any further action on this issue.