

Intertie Jurisdictional Trading Standing Committee



MINUTES OF MEETING

Date held: August 21, 2008	Time held: 8:30 am	Location held: Clarkson – Viewing Gallery
Invited/Attended:	Company name:	Attendance Status: (A)ttended; (R)egrets; (S)ubstitute
Gary Wight	Constellation Energy	A
Rob Coulbeck	Royal Bank of Canada	A
Gene Lung	Direct Energy Market Limited	A
Mark Mueth	DTE Energy Trading	A
Erik Bellavance	Hydro Quebec	A
Pascal Cormier	Brookfield Power	A
Daniel Lapierre	Brookfield Power	A
George Radan	Silverhill Limited	A
Richard Gell	Ontario Power Generation	A
Chris Loughren	Bruce Power	A
Wes Johnson	Bruce Power	A
Chad Hudson	TransAlta	A
Kelly Hunter	Manitoba Hydro	via Teleconferencing
Linda Leung	Ontario Power Generation	via Teleconferencing
Paul Kerr	Shell Energy	via Teleconferencing
Scribe: <i>Dina Shoukri</i>		
Please report any corrections, additions or deletions e-mail to dina.shoukri@ieso.ca		

All meeting material is available on the IESO web site at: [Intertie Trading Standing Committee](#)

Document output of each agenda item below:

Agenda Item #1: Administration

Dave Robitaille welcomed the group and invited members to introduce themselves.

The minutes of June 3, 2008 were accepted as written, with no comments from members. They will be posted on the web as final and a notification email will be sent at the time of posting.

A market participant did raise an action item in regards to operating reserve:

Action Item: The IESO to confirm that the cause for no longer accepting operating reserve as an import from PJM is a timing issue.

Agenda Item #2: Transmission Rights Review Presentation

Jessica Greenberg of the IESO provided a presentation explaining the Transmission Rights (TR) market and outlining the purpose and intended result of the Transmission Rights Review.

Member Questions, Comments and Discussions

Discussions began with an inquiry into how the interest income from the collected revenue is invested. Darren Finkbeiner of the IESO explained that it is invested in a host of different products and that the investment responsibilities lie with a specific finance team. Darren was then asked about the 35 million dollars investment in the asset backed commercial (ABC) paper. Darren stated that the investment in the ABC paper is currently going through litigation for which the IESO has assumed approximately 10 million dollars in losses.

Action Item: The IESO is to see if the interest investments are documented anywhere for the public.

It was asked whether the coupling of TRs between MISO and NY would be reviewed. Participants were told that though it would be looked at as part of the overall review, the 75:25 flow ratio seen in the coupling equation would not be changed, as the ratio is a reasonable reflection of actual flow.

The IESO confirmed that how, when and to whom the action revenues are distributed is a question to be answered as part of the review.

A participant stated that the IESO was the only TR market who did not make the names of the TR holders public and suggested publishing this information. The IESO agreed and stated the publication of TR holders would be considered in the TR Review. Darren Finkbeiner of the IESO also indicated that the Market Rules have a technical reference that was never completed which would allow TR offers and bids for TR holders.

A participant asked if why, in the last long term TR auction, there were fewer paths selling TRs. Participants were told that this was not that reason and that it was simply a case of market conditions that limited the number of paths with TRs to sell. The IESO stated that TR availability is a balance between the Total Transfer Capability (TTC), as well as outages and other market conditions. A participant inquired as to why the precise method by which the number of long term TRs that will be made available for auction is not made public. The IESO agreed to consider that as part of the review.

A participant asked if any improvement on the Queenston Flow would increase the availability of TRs. The participant was informed that internal flows have no affect on the availability of TRs.

Agenda Item #3: Control Action Operating Reserve (CAOR) Update

Jessica Greenberg of the IESO provided a presentation on the operational and reliability concerns that arise from having CAOR in pre-dispatch and outlined the IESO's intent to have it removed. The presentation also described the current use of priority exports and requested from the IJTSC their opinion on the future use of priority exports.

Member Questions, Comments and Discussions

Members asked if other options were considered, such as simply increasing the price of CAOR. There were also questions around the price implications of removing CAOR from pre-dispatch while it remains in real time at its current price. The IJT was informed that CAOR and its impact on pricing is a high priority for the Market Pricing Working Group (MPWG). Upon review, CAOR may be added back into pre-dispatch at a higher price, however, as it is an immediate operational concern, the intent is to remove CAOR from pre-dispatch with further analysis to follow.

Further questions were asked regarding the pricing information presented in the proposal. The IESO stated that no detailed analysis on the impact to price had been completed and the issue and impact to price is a high priority initiative for the MPWG.

Action Item: IJTSC to provide comments on the future use of priority exports to Dave Robitaille within two weeks.

Agenda Item #4: New York Failure Update

Due to tool malfunctions at the IESO, there was an inability to produce this presentation at the IJT meeting. It has since been completed and can be found at:

[http://www.ieso.ca/imowebpub/200809/IESO-NYISO Intertie Transaction Failures - UPDATE.pdf](http://www.ieso.ca/imowebpub/200809/IESO-NYISO%20Intertie%20Transaction%20Failures%20-%20UPDATE.pdf)

Agenda Item #5: Counter Intuitive Failure Charges Update

Jessica Greenberg of the IESO provided a presentation the current status of the review of counter intuitive failure charges.

The findings of the review indicated that:

1. There were times when the IESO has curtailed exports for ADQH and a failed export received a failure charge
2. There have been times when the IESO has curtailed exports for ADQH and a failed import did not receive a failure charge.
3. There were no times when a failed import received a failure charge during times of surplus baseload generation (SBG). The IESO went on to further state that if failed imports were receiving failure charges, this would indicate that price is moving in a direction that would not result in a SBG situation.

The recommendations of the review were that the IESO will not use times of SBG as a criterion for waiving intertie failure charges and the in order to balance fairness. Furthermore, the IESO will consider waiving a failure charge on export transactions during times of adequacy if applying a failure charge is also considered when failed import transactions fail during times of adequacy.

Member Questions, Comments and Discussions

Upon requesting feedback on the last recommendation, the IJTSC members agreed that no further consideration was required and the issue was closed.

Participants asked whether the IESO would consider implementing the NY IFC model which penalizes the market participant on the net difference between the actual price and what the price would have been had the transaction successfully flowed. Participants suggested this model instead of the existing pricing model. The IESO explained that it does not have the capability to re-run dispatch scenarios and, as such, there is an inability to calculate the impact a specific failure would have had on the price.

Participants questioned the validity of a failure charge a result of a transaction failing due to economics in a neighbouring jurisdiction. The IESO stated that it views every MW scheduled as a MW promised and, as such, is relied upon. Any transaction that fails poses an immediate reliability concern.

A participant stated that because there is potential for circumstances to change within the 2 hour mandatory window for the submission of bids and offers, a market participant may chose to not flow on purpose. It was suggested that if the IESO was going to keep the 2 hour mandatory window and they wanted to reduce the number of failed transactions, the IESO should allow for the opportunity to withdraw those offers within a one hour window.

Agenda Item #6: Importing OR Update

Jessica Greenberg of the IESO provided an update on the importing of operating reserve. The timing issues in neighbouring jurisdictions that preclude the delivery of OR into Ontario in a timely manner have not yet been resolved. As such, the IESO will not accept imports of operating reserve.

Member Questions, Comments and Discussions

Some members questioned whether the issue was timing or that other ISO's are refusing to release operating reserve. The IESO confirmed that it was in fact a timing issue but agreed to confirm with neighbouring jurisdictions.

Action Item: The IESO will confirm with neighbouring jurisdictions there are no policies in place that would preclude the export of operating reserve without energy attached.

Agenda Item #7: Stakeholder Engagement Update

The Stakeholder Engagement Update was reviewed by members of the IJTSC with no comments.

Agenda Item #8: IJTSC Initiatives and Action List

Dave Robitaille of the IESO presented the open items on the IJTSC Initiatives and Action list. He stated that the IESO has almost completed all items that had been marked as a high priority. He asked IJTSC members to provide comments and insight into the re-prioritization of the remaining items.

Action Item: IJTSC members to provide feedback to Dave Robitaille in regards to the prioritization of the items on the IJTSC Initiatives and Action List.

Agenda Item #9: Linked Wheels

John MacKenzie of the IESO presented the draft terms of reference for a stakeholder-IESO working group that would develop and recommend a design for the economic dispatch of linked wheel transactions to the IESO Technical Panel.

Member Questions, Comments and Discussions

John MacKenzie asked if any of the IJTSC members would like to be members of this working group. Members from Constellation Power, HQEM, OPG and Powerex all expressed interest.

As part of the linked wheel discussion, Constellation stated that they were proposing a market rule amendment for the equitable treatment of linked wheels in regards to additional uplift charges as exports. It is their desire that wheels only receive uplift charges for items for which they have a direct impact.

Action Item: IESO to schedule the first Economic Dispatch of Linked Wheels working group meeting.

Agenda Item #10: Additional Business

Dave Robitaille of the IESO asked if there were any members of the IJTSC who wished to bring forth any additional business.

Member Questions, Comments and Discussions

Constellation Power asked for confirmation that Michigan is prepared to put the phase shifters in service and it is Ontario who is causing a delay. Constellation continued by saying that they heard that all that remains to be done is legal paperwork and Ontario is delaying that final process. The IESO assured the committee that the reason for the delay is not Ontario's refusal to begin a legal process but that both jurisdictions have not yet agreed on how the phase shifters are to be operated. The IESO went on to further state that the IESO views the implementation of the phase shifters as high priority.

Members were inquiring as to why the Net Interchange Scheduling Limit (NISL) remains at 700 MW despite the fact that it can be safely increased to 1000 MW during an emergency. Darren Finkbeiner of the IESO explained that the NISL is a top of the hour rate change. Although limiting the change to 700 MW may be inefficient due to limiting the amount that can be scheduled in a given hour, increasing this number may create inefficiencies such as one time dispatches to meet the ramp and top of the hour price spikes. He stated that 700 MW is a reasonable balance of efficiency.

Constellation power asked why masked bids and offers are not published and stated that there is interest in publishing this information.

A member asked when BP76 line would return to service. The IESO explained that the circuit would not return to service until August 30, 2010. The IESO further stated that the Total Transfer Capability has been updated to reflect the absence of BP76 and will consequently affect the number of TRs sold on both the New York and Michigan interfaces.

Next Meeting: Tuesday, October 28, 2008

Action Item Summary				
#	Date	Action	Status	Comments
1	March 5, 2008	The IESO to include a comparison chart of linked wheel assessments and scheduling treatments in the NY, PJM and MISO areas for consideration in the Long Term Solution.	OPEN	Reached an understanding of how PJM and MISO treat linked wheel transactions. Looking at the justification of the costs of economic dispatch of linked wheels.
2	March 5, 2008	The IESO will continue to work with NYISO on tool requirements in order to implement option #2.	OPEN	Ongoing.
3	March 5, 2008	The IESO will work on a discussion paper related to counter intuitive failure charges with a focuses on historical pre-dispatch and real-time pricing data.	CLOSED	Completed at the August 2008 IJT presentation.
4	June 3, 2008	Analysis on the potential of using the following as criteria for MACD to review failure charges. 1. Export failure charges when the IESO is curtailing in the same hour for adequacy or security (on the same interface). 2. A loss of a generator and real - time price decreasing. 3. A generation gain and real - time price increasing.	CLOSED	Completed and closed at the August 2008 IJT.
5	August 21, 2008	The IESO to confirm that the cause for no longer accepting operating reserve as an import from PJM is a timing issue.	OPEN	
6	August 21, 2008	The IESO is to see if the interest investments are documented anywhere for the public.	OPEN	
7	August 21, 2008	IJTSC to provide comments on the future use of priority exports to Dave Robitaille within two weeks.	OPEN	
8	August 21, 2008	The IESO will confirm with neighbouring jurisdictions there are no policies in place that would preclude the export of operating reserve without energy attached.	OPEN	
9	August 21, 2008	IJTSC members to provide feedback to Dave Robitaille in regards to the prioritization of the items on the IJTSC Initiatives and Action List.	OPEN	
10	August 21, 2008	IESO to schedule the first Economic Dispatch of Linked Wheels working group meeting.	OPEN	