

Notes of Meeting - Final

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| Date held: October 9 th , 2008 | Time held: 1:30 p.m. to 3:30 p.m. | Location held: Teleconference and Webcast |
| Invited/Attended: | Company name: | Attendance Status: (A)ttended; (R)egrets; (S)ubstitute |
| Bellavance, Eric | Hydro Quebec Energy Markets | A |
| Chagnon, Guy | Hydro Quebec Energy Markets | A |
| Cormier, Pascal | Brookfield Power | A |
| Kaiman, Daryl | Brookfield Power | A |
| Kapteyn, Robert | IESO | A |
| Laurin, Marc Andre | Brookfield Power | A |
| Leung, Linda | Ontario Power Generation | A |
| MacKenzie, John | IESO | A |
| McCuaig, Paul | Powerex | A |
| Maria, Gamal | IESO | A |
| Radan, George | Silverhill | A |
| Wetzel, Ray | Constellation Energy | A |
| Scribe: John MacKenzie, IESO. Please report any corrections, additions or deletions to these notes to the following e-mail address: john.mackenzie@ieso.ca | | |

Review of Notes from September 25th, 2008 Meeting

1. Specify in paragraph 2 under “Review of 2-Bid Transaction Design Option” that:
 - a. the preferential scheduling of linked wheel transactions under existing market rules is only due to the existing requirement to bid the export at –MMCP and offer the import at between -50\$ and –MMCP; and
 - b. the existing requirement forces the market participant to accept the associated financial risk.
2. Clarify in paragraph 1 under “Review of CMSC-like Design Option” that some Working Group members agreed that this option should be explored further.

Follow-up on Meeting Notes

1. Under the proposed design there would be no change to the protocols or “coding” related to cutting linked wheel transactions, imports or exports for reliability reasons.

Follow-up on Action Items

| Action Item | Status |
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| 1-2: IESO to investigate use of collaboration portal for development/review of Working Group documents prior to publication. | Closed. IESO proposed and Working Group accepted that use of the portal is not necessary. Use of e-mail distribution and posting public documents appears to be working. |
| 1-3: IESO to publish Working Group documents on IESO public web site. | Closed. Web page available at following link: http://www.ieso.ca/imoweb/consult/consult_linked_wheel.asp |
| 2-1: IESO to send IESO web site links and report titles for the published intertie shadow price reports. | Closed. Links and report titles distributed 6 Oct 08. Working Group members asked that the links and report titles be re-distributed. |
| 3-1: IESO to provide further information and examples regarding mathematical evaluation of linked wheels in the proposed design: e.g. how does linked wheel compete with domestic resource? | Closed. Information provided for September 25 th meeting and published on IESO public web site at following link: http://www.ieso.ca/imoweb/pubs/consult/linkedwheels/lwed-20081009-MR-00338_Presentation.pdf |
| 3-2: IESO to revise design document to include the side payment feature. | Closed. Design document revised and published on IESO public web site at following link: http://www.ieso.ca/imoweb/pubs/consult/linkedwheels/lwed-20081009-MR-00338.pdf |

Linked Wheel Evaluation within Dispatch Scheduling Optimization (DSO)

1. The IESO clarified that the examples describing the evaluation and objective function could be for either the pre-dispatch constrained or constrained sequence.
2. Question raised whether the proposed design would actually encourage increased internal and intertie congestion. Others noted that the proposed design would have the participant transacting a linked wheel paying for internal and intertie congestion.
3. One member noted that he had seen on many occasions significantly more congestion in the pre-dispatch constrained sequence than in the pre-dispatch unconstrained sequence. For that reason, he expressed preference for settlement on basis of pre-dispatch constrained sequence prices.
4. Another member noted that pure import and export transactions face the same issue. He went on to note that if a market participant is importing and exporting simultaneously, as in a linked wheel, the participant should not be eligible for CMSC.
5. The IESO confirmed that the transfer limit of the sink intertie could limit linked wheels.

Review of Proposed Design Document

1. Members suggested that settlement on the basis of the pre-dispatch constrained sink and source intertie zonal prices be included as an option. It was also suggested that if this settlement option was chosen, it may be appropriate to not assign internal CMSC and transmission charges to linked wheels. The constrained intertie zonal prices, in addition to including intertie congestion, also include internal congestion and internal transmission losses.
2. With respect to the transfer of the linked wheel schedules from pre-dispatch to real-time, members suggest that minimizing the risk to the participant is important. It was noted that under the settlement option that used the pre-dispatch constrained sink and source intertie zonal prices, the only remaining participant risk was the MW quantity.

Enhanced Day-Ahead Commitment (EDAC)

1. The IESO noted that design decisions for the EDAC are being made shortly. If the economic dispatch of linked wheels is to be included in EDAC, it needs to be decided very soon. The IESO noted that including economic dispatch in EDAC does not eliminate the additional need to include economic dispatch in the normal pre-dispatch and real-time market systems.
2. Some members noted that consistent treatment of linked wheels in EDAC, pre-dispatch and real-time was preferred. That would provide participants with improved ability to coordinate transactions in other markets.

Outstanding Action Items

4-1: IESO to revise design document to include the two settlement options:

- settlement on the basis of the pre-dispatch constrained sink and source intertie zonal prices; and
- settlement on basis of real-time unconstrained sequence prices with a payment to keep participant whole to operating profit implied by pre-dispatch constrained sequence.

Next Meeting

Thursday October 23rd, 2008