



Notes of 1st Meeting of the Market Pricing Working Group

Friday May 7, 2004 9:00 – 12:00

Toronto Congress Centre

Attendees:

Name	Company	Name	Company
Snelson, Ken	AMPCO	Coulbeck, Rob	Ontario Power Generation
Lapierre, Daniel	Brascan Energy Marketing Inc.	Heaton, Randy	Ontario Power Generation
Alpajaro, Peter	Bruce Power	Norris, Paul	Ontario Waterpower Association
Cary, Rob	Cardinal Power	Soufi, Safouh	SMS Energy-Engineering
Harwood, Shane	Coral Energy Canada	Wu, Lawrence	Total Energy Advice & Management Ltd.
Kerr, Paul	Coral Energy Canada	Duzy, Margaret	TransCanada Energy Ltd.
Benner, Ryan	Dofasco Inc.	Vasquez, Noralyn	TransCanada Energy Ltd.
Stein, Victor	Energy Supply & Competition Branch	Lin, Huazi	W&E International Corp.
Buckler, Christopher	Enersource	Simpson, Mark	Wecast Industries Inc.
Yang, Bunli	E4 Inc.	Findlay, Al	IMO
Blechta, George	Falconbridge Limited	Haynes, Daryl	IMO MPWG Team
Miles, Tony	Hydro One Networks	Maria, Gamal	IMO MPWG Team
Cipolla, Jim	Northland Power Inc.	Pietrewicz, Andrew	IMO MPWG Team
White, Adam	OEA	Rivard, Brian	IMO MPWG Team
Kraas, Alexander	OFA/OEFC	Sergejewich, Peter	IMO MPWG Team
Brown, David	Ontario Energy Board	Wilbur, Bill	IMO MPWG Team
Chute, Russell	Ontario Energy Board		

Item #1: Introduction to the Market Pricing Working Group

- Working group was established as a result of Participants indicating interest in pricing issues at previous MAC and MOSC meetings.
- MPWG would be taking on the responsibilities of the IMO Internal Pricing Issues Team and the Internal Pricing Issues Team would be providing a transition paper in the near future.
- There would be an expectation that MPWG members would contribute with regards to data interpretation and analysis, tabling of proposed solutions etc.

Initial expectations of MPWG are diverse and a wide range of expectations were expressed including:

- The MPWG should assess the overall philosophy of pricing (i.e. What are we trying to accomplish?)
- MPWG members should understand market pricing concerns of other market sectors.
- Want to learn more about pricing issues and requested a systematic and thorough review of how prices are set.
- Ensure adequate stakeholdering in any decisions or recommendations concerning market pricing.

- Need to consider how the new Energy Policy will integrate into market pricing?
- A more transparent pricing process that is easier to understand.
- Recognize and discuss how decisions on pricing issues affect investment & their impact on other stakeholders.
- MPWG should recommend revisions to Market Rules on pricing issues where necessary.
- MPWG should reach a consensus on how market prices should be determined.
- A better understanding of how the wholesale market pricing issues affect the retail prices and what retail can do to effect the wholesale prices.
- Better and more frequent communications between the IMO and stakeholders on pricing issues.
- Resolve uniform price versus nodal price issues.
- Assess and determine the impact of MIO on market prices.
- MPWG should be focused on Issue Resolution.
- Understand how OPA costs will be passed through to the market.
- Assist in creating an efficient balanced market with “fair” pricing.
- Ensure adequate stakeholdering for any issues affecting market prices.
- Bring the Pre-dispatch and dispatch prices closer together.

Item #2: Consideration of Terms of Reference and Objectives for the Group

There was a request that wording in the Business Practices section should include a statement to indicate how the MPWG will come to any resolutions and carry the recommendations forward (i.e. How are issues closed?). It was also suggested a reference to the impact of Standard Service on price should be included in the Terms of Reference.

There were concerns from WG members with regards to the objectives being completed in ‘Phases’. It was recommended by the MPWG members in attendance that a third objective be added to the draft indicating a provision for recommendations and solutions to any issues discussed by the WG. A document with regards to the listed objectives could still be produced while continuing with the third objective of researching and recommending solutions for the issues identified.

To ensure that all expressed positions on any item are accurately communicated to the Market Advisory Council, IMO Board or other forum, any MPWG advice/recommendations will include details of outstanding issues and dissenting opinions.

It was suggested briefing notes as well as working documents be kept on each issue raised by the MPWG. The intent of the briefing documents would be to provide a high level overview of the issue for members attending the meetings.

Item #3: Working Group Logistics

Future meetings will take place every two weeks on Friday mornings. Meeting locations will be at the Toronto Congress Centre if the WG remains at its current size. Should the group become smaller alternate locations such as Skymark and/or Minto will be considered. The requirement for teleconferencing will be reviewed on a meeting by meeting basis.

A web page has been created for the MPWG and is linked to the current Consultation web page. It was suggested the MPWG web page also have a link from the Information Centre section of the IMO Home page.

There is some concern that the retail sector is not explicitly represented in the current working group membership. This may be dealt with by either achieving such representation or recognizing the lack thereof in any documents prepared by the MPWG.

The need and potential for holding educational sessions on current market pricing processes and procedures was discussed. It was generally perceived these educational sessions would prove to be beneficial for many WG members provided they were held in addition and adjunct to the normal meetings of the working group. Typically, the sessions will be held in the afternoon following the regularly scheduled meetings. The content and number of sessions will be determined on an as required basis.

ACTION: IMO staff to consider if link to MPWG web page from Information Centre of main IMO Web Page is possible.

Item #4: Initial Listing of Pricing Issues

A number of pricing issues previously raised by Market Participants were briefly discussed. These included:

- Pre-Dispatch versus Dispatch Prices
- Real Time Price Calculations
- Administrative Pricing
- Uniform MCP versus Nodal Prices
- Insufficient Information Available to Explain Dispatch Optimization Process

There were a number of new pricing issues raised that MPWG members believe should be reviewed. These included:

- Effects of Emergency Control Actions on Administrative Pricing
- Effects of Emergency Control Actions on MCP (transparency)
- Implications of Day Ahead Market on the Balance Market prices
- Effects of Heritage Contracts and OPA contracts on market prices
- Price Transparency - What are the costs not currently properly reflected in market prices?
- Effects of MIO on market prices.
- Impact of Control Action Operating Reserve (CAOR) on market prices
- Other issues as may be identified in the upcoming Market Surveillance Report

ACTION: Chair will inquire if the other MEP working groups have any open pricing issues that should be forwarded to the MPWG

Next Meeting: Tuesday May 25, 2004, 9:00 – 12:00
Toronto Congress Centre

Note: An educational session on market pricing will be held from 1:00 – 4:00.