

**Notes from 5<sup>th</sup> Meeting of the Market Pricing Working Group**  
Friday July 9, 2004

**Attendees:**

<u>Name</u>	<u>Company</u>	<u>Name</u>	<u>Company</u>
Bell, Brian	Ontario Power Generation	Snelson, Ken	AMPCO
Benner, Ryan	Dofasco Inc.	Vasquez, Noralyn	TransCanada Energy Ltd.
Bettle, Peter	Bruce Power	White, Adam	OEA
Blechta, George	Falconbridge Limited	Wu, Lawrence	TEAM Ltd.
Brown, David	Ontario Energy Board	Yang, Bunli	E4 Inc.
Cary, Rob	Cardinal Power	Chan, Andrea	IMO
Chabot, Julie	Hydro Quebec Production	Findlay, Al	IMO
Cipolla, Jim	Northland Power Inc.	He, Andy	IMO
Coulbeck, Rob	Ontario Power Generation	Maria, Gamal	IMO MPWG Team
Duzy, Margaret	TransCanada Energy Ltd.	Pietrewicz, Andrew	IMO MPWG Team
Harwood, Shane	Coral Energy Canada	Rivard, Brian	IMO MPWG Team
Miles, Tony	Hydro One Networks	Sergejewich, Peter	IMO MPWG Team
Simpson, Mark	Wescast Industries Inc.	Wilbur, Bill	IMO MPWG Team

**Item #1: Review of Action Items from June 25 Meeting**

- 2.1 IMO staff continuing to examine methods to gain residential representation on the MPWG - **Open**
- 2.6 The sandbox environment requires considerable IT effort to set up and maintain the synchronous testing environment required for 1x vs 12x price comparisons. When particular testing periods and needs are identified, a case will be made to use the sandbox at that time. - **Closed**
- 3.5 MPWG members requested to forward impacts of the pricing issues discussed at previous meeting - **Open**
- 4.1 The non-disclosure agreement dealt with under a separate agenda item. - **Closed**
- 4.2 Revisions were made to the Guiding Principles document and forwarded to MPWG members. - **Closed**
- 4.3 Revised report documents were forwarded to MPWG members for review. - **Closed**
- 4.4 IMO Data showing demand used in the constrained and unconstrained sequences has been forwarded to MPWG members. Further analysis of this data will be undertaken when addressing issue 27. - **Closed**
- 4.5 IMO Issue 25 is now more specific and renamed to “Temporal Optimization in the Constrained Real-time Sequence but not in Unconstrained Real-time Sequence” and a new issue 31, “Temporal Optimization Methodology” was created. - **Closed**
- 4.6 IMO staff to provide link on Market Pricing page to Rick Jennings presentation at June 23, 2004 MAC meeting.- **Open**

**Item #2: Non-Disclosure Agreement Update**

- Based on the discussion at the last meeting and subsequent advice from the IMO’s legal staff, the IMO will not be requiring MPWG members to sign a non-disclosure agreement at this time. A disclaimer will be attached to all data provided to the MPWG instead.
- It is possible that confidential data as specified in the IMO’s Confidentiality Catalogue may need to be used in future MPWG analysis, and a non-disclosure agreement would then be required. This issue will be addressed if and when that situation arises.
- The 12x vs. 1x ramp rate simulation data collected from the sandbox system during MIO testing was sent to MPWG members.

### **Item #3: Questions/Comments on Previously Discussed Pricing Issues**

- It was clarified that Issue 35: “Impact of Other Out of Market Control Actions on the Market” will include imports scheduled after the final pre-dispatch.

### **Item #4 Pricing Issues for Discussion**

- Issue 13 – Impact of Out of Market Operating Reserve Resources – Reviewed the report document. A comparison with actions that NYISO uses was requested. The current price used for the Control Action Operating Reserve may not be appropriate at all times. How often is the CAOR used?

Action 5.1: IMO staff to investigate NYISO use of out of market reserve resources.

Action 5.2: A new pricing issue will be identified for the pricing of in-market CAOR.

Action 5.3: IMO staff to provide data on how often the CAOR is scheduled.

- Issue 18 – Pricing and Allocating Line Losses – Reviewed the report document. It was requested that fact that this issue is one of the pricing issues related to the uniform vs. nodal pricing debate be highlighted. The impacts on CMSC should be added to the report.
- Issue 19 – Line Loss Factors – Reviewed the report document. Need to verify the correct name for this issue – Node or Line. Comparison with NYISO. Have the factors ever been changed? Can the static line loss factors be published? The materiality of this issue was questioned. It was noted that there are substantial changes in losses in the Northern part of the province, but that southern Ontario losses do not change that much. Some further analysis of this will be required in order to set priorities for the pricing issues.

Action 5.4: IMO staff find out how NYISO handles line loss factors.

Action 5.5: IMO staff to report on all changes to the line loss factors since market opening.

Action 5.6: IMO staff to report on possibility of publishing the line loss factors.

- Issue 10 – Over-Forecasting - Reviewed the report document. It was suggested that one of the three factors causing an upward bias in demand forecasts was not sufficiently highlighted in the text. The forecasting requirements identified in the Market Rules and market manuals needs to be verified.
- Issue 9 – Use of Peak Demand Load Forecast in Pre-Dispatch - Reviewed the report document. It was suggested that issue 7 should be added to the related issues. Peak demand is used instead of average demand for reliability – are there other ways to address the reliability needs? Is it necessary that peak demand be used in all hours?

### **Item #5: Pricing Issues for Next Meeting**

- Issue 1 – Pre-Dispatch Price Bandwidths
- Issue 7 – Imports Setting Price
- Issue 23 – Elimination of Constrained Off Payments
- Issue 26 – Relationship Between Competitive and Regulated Wholesale Prices
- Issue 28 – Compensation Under Admin Pricing
- Issue 32 – Role of IOG in Certain Hours
- Issue 33 – Rules for Determining Prices During Shortage

- Issue 34 – Rules Concerning Breaker Status of Quick-Start Facilities
- Issue 35 – Impact of Other Out of Market Control Actions
- Issue 36 – Pricing CAOR

**Item #6: Other Business**

- The next meeting on August 6, 2004 will be an all day meeting (8:30 – 3:00).