

Notes from 2nd Meeting of the Market Pricing Working Group

Tuesday May 25, 2004, 9:00 – 12:00

Toronto Congress Centre

Attendees:

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

Item #1: Review of Action Items from May 7 Meeting

- IMO staff indicated other ISO's have government sponsored residential advocates on their working groups.

Action 2.1: IMO staff will continue to examine methods to get more residential representation on MPWG.

- Reviewed pricing issues identified by other working groups and added them to the MPWG Issue Tracking Document. If new pricing issues are identified by the other working groups they will be forwarded to the MPWG and added to the tracking document accordingly.
- Market.pricing@theimo.com email box has been created and should be used for further correspondence.

Item #2: Finalize Terms of Reference and Objectives Documents

- It was suggested the ToR and Objectives documents be integrated to form a single document.
- It was requested the ToR/Objectives document provide more clarity on the reporting structure of the MPWG.
- Discussed adding a statement in the ToR/Objectives on how any suggestions or recommendations will be forwarded to MOSC, MAC, IMO Board, IMO Senior Management, etc.

Action 2.2: IMO staff to revise ToR and Objectives document and forward to MPWG members

Item #3: Tracking of Pricing Issues

- Reviewed and discussed the proposed Issue Tracking Document. The document will be posted on the MPWG web page and updated as required.
- It was requested some sort of prioritization indication be added to the document.
- Questions specifically related to an issue will be addressed in the next steps area of the document.
- General questions unrelated to an issue will be captured in the notes as an action item.
- Tracking document should be completed as a simple list with no categories. Each issue should be designated with its own unique identification number. The ordering of the issues on the document should remain constant. A column should be added to the document indicating what other pricing issues the issue might affect.
- It was suggested the “Additional References” column indicate the most recent reference document and any other reference documents be linked from there.

Other Issues identified to be added to the tracking document include:

- MIO effects on Market Pricing
- Integration of Heritage and NUG contracts on Market Pricing
- Multi part bids in the DAM and the effects on pricing
- CMSC for negative offers
- Elimination of Constrained Off payments

Action 2.3: IMO staff to complete recommended and requested changes to the Issues Tracking Document and present at the next meeting for final approval

Item #4: Pricing Issues Report (first deliverable of the WG)

Discussed the format of the document. The following suggestions were made:

- The effects on efficiency and transparency should be included in each report.
- The document should be considered a key reference document and therefore remain relatively static.

Item #5: Issues Discussion

Reviewed and discussed the Guiding Principles document. It was noted that principles 5 and 6 may be non-applicable for this WG. The following suggestions and comments were made:

- The MPWG may need to develop their own statement of criteria relative to the key principles.
- There should be wording in the principles document to indicate how the MPWG will react to government policy. It was generally agreed any recommendations should not be restricted from moving forward due to the interpretation of any current or impending government policy and legislation.

Action 2.4: MPWC members to review the Guiding Principles and forward any comments or suggestions to the IMO in order to be included in any revisions for the next meeting.

Reviewed the draft Pricing Issues Report on the use of 12-times Ramp Rate in the Dispatch Unconstrained Algorithm. In addition to the information contained in the Issue Report the following points were discussed:

- IMO is currently testing 1-times ramp rate in the unconstrained sequence and MIO in the constrained sequence in the sandbox environment. The data will be made available to the WG.
- There is limited 1-times ramp rate data available from June 2003. It is questionable as to the value of this data as there is no way to compare the data to the same time frame using 12-times ramp rate.
- The time of year (currently freshet) may affect the outcome of the analysis of the comparison (1-times vs. 12-times).

Action 2.5: IMO staff to provide sample of data collected during MIO testing.

Action 2.6: IMO staff to inquire if MPWG can utilize Sandbox environment following MIO implementation for pricing analysis.

Item #6: Pricing Issue(s) for Next Meeting

The following pricing issues will be discussed at the next MPWG meeting:

- 12-times Ramp Rate – Continuation and completion of discussion
- Underlying causes of differences between nodal and MCP.
- Issue List – ensure all issues are listed in the Issue Tracking Document.

Item #7: Fundamentals of Pricing in the IMO Administered Markets

An educational session was presented by IMO staff on the fundamentals of pricing in the IMO administered markets.

Next Meeting: Friday June 11, 2004, 9:00 a.m.
Toronto Congress Centre