

IESO Stakeholder Advisory Committee
Minutes of Meeting
November 1, 2006
9:00 am

Advisory Committee Members in Attendance:

Mr. Brian Bentz, Chair (representing Distributors)
Mr. Richard Horrobin (representing Generators)
Mr. Bruce Campbell (representing IESO)
Mr. Chuck Stradling (representing Commercial Consumers)
Ms. Julie Girvan (representing Residential Consumers)
Mr. Matthew Picardi (representing Marketers/Brokers), arrived late
Mr. Mike Humphries (representing Embedded Industrial Consumers)
Mr. Paul McMillan (representing Marketers/Brokers)
Mr. Steve Dorey (representing Transmitters)
Mr. Colin Osborne (representing Wholesale Consumer Market Participants)
Mr. Doug Reeves (representing Distributors)

Advisory Committee Members Absent: Bruce Lourie, Daniel Whyte

Presenters:

Mr. Darren Finkbeiner (IESO)
Mr. Terry Young (IESO)
Mr. Ken Kozlik (IESO)

IESO Board Members in attendance:

Ms. Glenna Carr Chair
Mr. Bill Museler
Mr. Mike Naeve
Mr. Rudy Riedl

Introduction – Brian Bentz

Mr. Bentz welcomed everyone to the start of the second year of the Committee. He acknowledged the presence of members of the IESO Board along with the new CEO of the IESO, Mr. Paul Murphy. Mr. Bentz is the new Chair of the Committee and Mr. Mike Humphries is continuing in his role as the Vice-Chair.

Mr. Bentz reviewed the legislative background which led to the establishment of the Committee, and briefly reviewed the history and the purpose of the Committee. Mr. Bentz said that the main purpose of the Committee was to provide advice to the IESO Board and Minister. There are two components to this advice: 1) the provision of recommendations regarding specific decisions or courses of action; and 2) the provision of information to assist in the decision making process. In the first year the advice provided by the Committee was largely

information, with only a few specific recommendations being given. This was not a failure of the Committee but a reflection of the divergent interests represented on the Committee.

He went on to thank the Committee members for the work they have put in over the past year and in particular the outgoing members, Don Thorne, John LeMay and Bruce Boland. He also thanked the IESO staff, Bruce Campbell, Ken Kozlik and Elizabeth Morris for their support of the Committee over the past year. The three new members were welcomed: 1) Mr. Osborne, a consultant in the mining and metal sector will represent wholesale consumers and was nominated as a proxy for Algoma Steel, Stelco and Dofasco; 2) Mr. Reeves, President of Greater Sudbury Utilities, will represent distributor interests which are price and reliability; and 3) Mr. Horrobin, Vice President Power Marketing Bruce Power, will represent generators.

Mr. Bentz, Mr. Humphries and Mr. Dorey attended the September 22 IESO Board meeting on behalf of the Committee. The Board was advised of the motion that was passed recommending the IESO formally and publicly respond to recommendations on the Market Surveillance Panel report and track items on an ongoing basis. The Board was also informed that given the anticipated work by the IESO staff on both locational marginal pricing and day-ahead market, the Committee would not undertake further work on these issues at this time. The Committee members also commented on the OEB remand authority issue, the simulation studies on the impact of inter-tie setting the price, and the twelve times ramp rate issue (Mr. Kozlik's presentation, APPrO and AMPCO's response, stakeholder feedback and the position of each Committee member). The Board solicited the Committee's views on the fairness of the stakeholder process in relation to the ramp rate discussion and if there was any additional information that would have been helpful to the Committee in considering this issue. The Committee members advised the Board that they understood the pricing impact and equity/reliability impact but the market efficiency impact could have been accentuated more.

IESO Senior Management Update – Bruce Campbell

Mr. Campbell expressed his appreciation to the Committee members for their valuable advice to the Board and IESO management.

Action Items

A chart of the action items has been posted on the IESO's web site and copies distributed as part of the meeting materials. He spoke to a number of items on the list including the ramp rate issue and staff details being set out in the business plan which is also posted on the web site.

Demand Forecast Deviations Working Group

The working group is underway, documentation is posted on the web site, and a meeting is scheduled for November. Mr. Campbell confirmed that there would be a report back to the Committee. Mr. Heaton of OPG indicated that it was his recollection that the motion as put forth at the last meeting included a reference to performance measures which was not captured in the minutes of the meeting. He also noted that it was not reflected in the Terms of Reference and requested an explanation. Mr. Campbell said that the minutes correctly reflect both the

discussion and the actual wording of the motion proposed. He also said that the terms of reference had been posted in draft and would be determined by the working group. He said that it was the IESO's expectation that if the working group considered it appropriate to consider performance measures after reviewing forecast methodologies and tools it would do so. Mr. Cowbourne confirmed for Mr. Heaton that the IESO team lead on the working group clearly understood the nature of the work to be done by the working group and that if at the end of the review it was necessary to change the performance measures around load forecasting the IESO will do so. Mr. Bentz commented that the Committee should be restricted to a discussion of the theoretical underpinnings of performance measures and not get mired in the detail of the mechanics of operations.

Day-Ahead Market

Mr. Campbell stated that there is a draft stakeholder plan posted on the IESO web site. As discussed at the last Committee meeting there is an issue about the linkage between locational pricing and day-ahead market. The presentation in the afternoon by Mr. Kozlik will address these issues.

IESO Response to the MSP Report

In response to the Committee's recommendation that there should be tracking of MSP recommendations, the IESO is proposing to adopt a tracking process to monitor the status of both new and previous MSP report recommendations that pertain to the IESO.

Role of the IESO and the OPA in demand response

As requested the IESO posted a clear statement on the respective roles of the OPA and the IESO regarding demand response. This statement was a joint effort of the OPA and IESO.

Ramp Rate Multiplier

In addition to the input of the Committee, the IESO Board also received correspondence expressing concern regarding the proposed solution, and one letter of support for the proposal. At the IESO Board meeting on September 22, the IESO management recommended that further consideration be postponed until the November 17th Board meeting to allow further discussion regarding concerns that have been raised around the process and in particular about the calculations regarding the potential impact of this change. Discussions have taken place with AMPCO relating to these calculations and based on these discussions, AMPCO has agreed that the calculations are accurate. Mr. Campbell said that the IESO wrote to all individuals who had submitted comments to the Board and offered to meet and discuss any concerns. To date no response has been received to these invitations. Additional information, including independent corroboration of the calculation of the potential impact of the proposed change, has been posted. This item will be on the agenda for the November 17th Board meeting.

Mr. Bentz questioned whether there had been any change to the pricing impact since the last presentation to SAC. The calculation has not changed since that last presentation. Mr.

Humphries commented that he was not questioning the impact issue but did not see the benefit this change would bring to consumers other than higher prices. Mr. Hunt of Optimal Technology recommended a communication package to customers to help alleviate concerns around this issue. Mr. Passi of Xstrata Nickel commented that this far his organization is not accepting the position that this change improves market efficiency.

ERO Standard Setting and Enforcement

The update memo summarizes the status of the FERC review of NERC proposed standards, discussions at the technical panel, and the new IESO object to establish and enforce standards relating to reliability of the transmission system. Mr. Campbell advised that the OEB has entered into a memorandum of understanding (MOU) with NERC which is posted and available for review. The IESO is also working on an MOU with NERC and NPCC to confirm how the various organizations will interact. The IESO is meeting with Ontario NPCC Board members – from OPG and Hydro One – and anticipates posting the agreement prior to executing the agreement later this month. Mr. Campbell also said that he has been advised that there is no legislative time available this autumn to address the remand authority issue.

Mr. Dorey commented that Ontario is approaching this issue differently from the rest of North America. He expressed his disappointment over the lack of public discussion on how the MOUs would be structured and how they relate to what other North American ISOs are going to do.

Inter-tie transactions Role in Setting Real-time price

This issue was tied to the introduction of the Day-ahead commitment process (DACP) along with ramp rate. The working group decided that this issue would be combined with the day-ahead discussions and that if a day-ahead market is not implemented in Ontario it will be revisited at the Market Pricing Working Group.

If there is a significant delay in a day-ahead market, Mr. Horrobin wanted to know if this issue would be revisited sooner rather than later. Mr. Campbell said that if a decision was made to not proceed with a day-ahead market or there was a significant delay in the day-ahead market, this issue would be discussed at the working group.

Presentation on Day-ahead Commitment Process Assessment – Darren Finkbeiner

Mr. Finkbeiner made a presentation on the day-ahead commitment process recommendation to extend the program's use on an ongoing basis given that the reliability objectives were met, and that there are advantages even in the shoulder period of unit commitment and reduced failures.

Mr. Finkbeiner said that the proposal was for an indefinite continuation of DACP until replaced by something else with the same reliability benefits regarding generator commitment and import failure reduction. Mr. Osborne asked for the net impact per MW of the program and the time period it covered in the analysis. The time period of the study was from June to September 12 and the net impact per MW is very small as the total impact was in the order of

\$1.1 million over all of the MW Hours during the study period. Mr. Horrobin inquired about the impact of DACP on the real-time price. Based on analysis to date, there is no impact on real-time price.

Mr. McMillan asked a number of questions. He enquired about the measurement period, the total megawatts over the period and transaction level of 40%. The 40% figure reflects the percentage of import transactions that were being scheduled day-ahead over the peak hours and the total MWs over the period was 1.7 million MW Hours. Mr. McMillan then asked about the downward trend of the failure rate and whether there was a target/an acceptable rate. The introduction of charges for failed transactions influenced the practice of importers. Mr. Finkbeiner said that during periods where we are reliant on imports, the target rate is zero. A failure rate of 2.82% is acceptable in periods where we are not reliant on imports. Mr. McMillan also asked whether a binding day-ahead market would produce better result. Mr. Finkbeiner responded that to the extent that pricing brings out efficient decisions, a day-ahead market as seen in other areas would give you an efficient outcome. The final question was the cost and the benefit of continuing this program in perpetuity. The cost and timeline associated with other initiatives have not yet been studied.

Ms. Girvan wanted clarification on the costs that made up the \$2.6 million. It is the full implementation costs for the IESO (including consultants, systems, development of reports and staff). On an annual basis, based on an assessment of ongoing costs, it was estimated to be one full-time staff. The only new costs would come from the future enhancements on which work has not yet started.

Mr. Horrobin commented that the implementation of DACP was tied to some extent to the review of inter-ties setting the price and the resolution of twelve times ramp rate. Given that these issues have not been resolved, what was the rationale for extending the DACP? The IESO is realizing reliability benefits with reduced failed transactions and the generation commitment; removing the sunset clause allows these benefits to be carried forward until there is a replacement that provides for the same benefits. Mr. Horrobin also noted that the review period is a limited period and one should be cautious about going forward with a program with such limited data. The IESO is committed to having an ongoing review of the process and if inappropriate effects on price are noted, action will be taken as required.

Mr. Kerr of Coral Energy expressed concern that with the removal of the sunset clause, noting that its removal would reduce the pressure on the IESO to move forward on the path to a day-ahead market. Mr. Dorey said that the continuation of this program would make it the base case against which enhancements can be assessed. Mr. Alpajaro of Bruce Power said that although the IESO continued to move forward on DACP enhancements, a sunset clause should be maintained. Ms. Girvan asked for the IESO's perspective on the potential of a sunset clause while Mr. Bentz was looking for an implementation date for the day-ahead market. Mr. Finkbeiner said that the IESO is committed to discussing the issues of day-ahead market,

inter-ties setting price and ramp rate. It is not necessary to tie this program to a sunset clause to drive a different program that may or may not be related.

Mr. Bentz then polled committee to see how the members would endorse or modify the recommendation.

Ms. Girvan would like to see the program continue but with a review - which may or may not involve a sunset clause - in a year.

Mr. Humphries also agreed with continuing the program but it should be subjected to annual review without a sunset clause.

Mr. Osborne agreed that he would like to see a firm date for it to come back to the Committee and that he did not care if it was a sunset clause or a review.

Mr. Picardi stated that he would like to see something that stated this is a temporary program while continuing to consider the day-ahead market or other ways to deal with it.

Mr. Reeves supported the continuation of the DACP and did not see a necessity for a review date as changes are being monitored by the IESO.

Mr. Stradling also supported continuing the program with a review and does not support a sunset clause.

Mr. Dorey supports incremental change of this nature and he supports a review over a sunset clause.

Mr. Horrobin supports a new sunset date or a firm review of the program.

Mr. McMillan said we need to get to a day-ahead market and sees a sunset clause as important.

Mr. Bentz said that Committee members were endorsing the concept of DACP and suggested that there was consensus that a sunset date is preferred. Mr. Campbell clarified that what he heard wasn't a clear endorsement of a sunset date but rather a call for a review. Mr. Campbell said that the IESO has already committed to completing a review on an annual time frame. Practically there is little difference between an annual review which could lead to the Committee suggesting that the program does not warrant continuation and a sunset clause.

Presentation on Dispatch Issues by Darren Finkbeiner

Mr. Finkbeiner summarized the issues the dispatch working group had discussed following their inception in November 2005.

Mr. Reeves asked whether the 15 MW deadband is an industry standard. When the original deadband of the higher of 2% or 10 MW was established, was there a review of other jurisdictions? In moving to the revised deadband of 15 MW, the review was restricted to Ontario market results and impacts of moving to it in terms of total ability to meet demand. It was clarified for Mr. McMillan that the aggregation capability is limited to related units under common ownership.

Mr. Picardi wanted to know if everyone in the market would be aware of someone using replacement offers or someone taking advantage of the aggregation of river systems and the timing/lead time required. Mr. Finkbeiner said that as long as the aggregated units maintain

compliance, it's up to the owner to determine how they are managed. The market would not be aware of someone using replacement offers or aggregation. Aggregation is part of the registration process. The aggregation program will be reviewed against the upcoming NERC-reliability standards to ensure they do not conflict. Given that the dead-band is plus or minus and there is no time period to get in balance, Mr. McMillan said it is important to know what is being done in real time.

Mr. Heaton commented that if you are not on dispatch it is at your peril, and on the diligence of the IESO staff in implementing this program. The numbers presented prove that the program has been effective.

Presentation on Customer Survey by Terry Young

Mr. Young offered to return following completion of the upcoming customer survey and present the results to the Committee.

Mr. Humphries wanted to know if the IESO classified direct market participants as customers. Those are the customers being surveyed. Mr. Humphries stated that there are other indirect customers and wondered if the IESO is making any attempt to try and gauge their satisfaction. Mr. Young said that the IESO is looking at this issue. Input from indirect customers and other stakeholders has been received and incorporated into certain IESO actions such as the recent redesign of the IESO webpage. A broader qualitative study in terms of stakeholders is something that should be considered.

Market Vision and Themes

Mr. Bentz initiated a general discussion regarding work done to date and future work to be done, noting that certain issues are already being addressed by staff and other working groups. He suggested that the question of what is an appropriate framework for decision making seems to be a constant theme. It is necessary to build consensus that allows the IESO to move forward on an initiative and bring forward to the Committee and then the Board a common understanding of impacts. It is important to recognize that not everyone will be happy with the decision but on a balance of probabilities know that the proposal makes sense in the context of having a competitive market. Mr. McMillan stated that in building a business case, it is not only about costs but also about managing exposure and creating a competitive market. It is the element of creating a market, but also managing your ability to deal with an adverse event. Mr. Dorey said that many of the incremental initiatives are interrelated. Initiatives need to address consumer interest in price, reliability and environmental concerns; it is not enough that an initiative is good for the market unless it is also politically acceptable, which requires satisfying consumer interests. It may be necessary to go back to the discussion of the big vision (which he understands the IESO and OPA to be working on) as a framework for moving forward. Mr. Bentz questioned whether the Committee should revisit the notion of a different market vision or one that has passed the reality check of where we are today in terms of market evolution, government position, and where the OPA is in terms of contracting. He is looking for agreement on the criteria, the definition of criteria, and how they impact decision making.

This would make it easier to build consensus and lead to better decisions. At present there are different views of what constitutes a business case. Mr. Humphries said that the major stumbling block is what is a business case? You need to be able to agree on what information is required from IESO staff in order to conduct an assessment of all of the costs/benefits of all the options, weigh them and assess their value. Mr. Picardi stated that a framework for decision making is very important and needs to be looked at in terms of the types of initiatives that will support market evolution and as well as in terms of what we have now. Mr. Osborne stated that unless you give certainty on the future cost, decisions will be made today that are going to be long-term negative to the Ontario market. This uncertainty regarding price and other initiatives which implicitly increase price will lower consumption for the wrong reasons.

Ms. Girvan wanted to know how they can make best use of the Committee and how this Committee can best serve the Board. Focus needs to be on how to define what is a business case for initiatives and a discussion with the Board on how best to serve their needs in terms of decision making. Mr. Bentz says that broader question is around the role and the effectiveness of the Committee and how it can best serve the needs of the constituents and the Board of Directors. Dialogue with the Board is a good starting point. Mr. Bentz will take the lead and work with staff. In addition both Mr. Bentz and Mr. Humphries will initiate discussions with the Board about the Committee's role and the Board's expectations of the Committee. They will report to the Committee at the next meeting.

Presentation on Locational Pricing Results by Ken Kozlik

Mr. Campbell requested that during Mr. Kozlik's presentation and in the following discussion the Committee keep in mind the particular features required to put in place a day-ahead arrangement. He is interested in the functionality that needs to be added to help day-ahead arrangements.

Mr. Kozlik delivered the presentation on LMP. Three possible courses of action were outlined for the feedback from the Committee and stakeholders: 1) to proceed with gusto on additional nodal pricing analysis; 2) abandon locational pricing, or 3) continue to learn more about LMP but at a measured pace.

Mr. Bentz wanted to know if there was a preference in terms of the staff position on these three alternatives or is the IESO looking for input. Mr. Kozlik confirmed that the IESO is looking for advice. Mr. Humphrey questioned whether the total price or energy price would be higher and whether that analysis would include the benefits of import/export and CMSC. Mr. Kozlik said he could not quantify the magnitude of the increase but the total energy price, which could be mitigated through arbitrage, will be higher. Mr. Dorey wanted to know if the complications that existed two years ago in looking at the implication of implementing the day-ahead market without LMP exist today with DACP. The complications in the day-ahead market arise out of the unconstrained model. Those complications do not exist today with DACP because it only considers the constrained model. Mr. Bentz questioned if the IESO has jurisdictional authority to implement LMP on its own or would it have to defer to others. Mr. Campbell responded by

saying that it is a rule change that would follow that process but practically speaking there would also have to be a decision made at the provincial level and not just at the IESO level. Mr. Bentz also stated that those in higher paying jurisdictions would question why they have also have to pay uplift because of congestion caused by historical transmission planning. Also, as a consumer in the South, it is not fair to pay for the North based on existing constraints. The IESO's goal is to evolve towards efficiencies based not on a snapshot of time but on efficiencies over time, supporting appropriate investment decisions in facilities which will get rid of the price difference. Mr. Bentz followed up by saying that with the IPSP, prescribed assets and the supply mix, including new nuclear, would not be as susceptible to local price conditions. Efficiencies may not be gained if there is more of a distributable load and how does LMP help the conservation initiative? Mr. Kozlik said that nuclear will not be a marginal unit so it is unlikely to cause a locational price and the efficiency gains are at the margin. Today we are suppressing the price (because the price is calculated using surpluses available in the Northwest) with the result that there is less incentive to conserve in the bulk of the province. Mr. Bentz followed up by asking what LMP does for incenting transmission. In reply Mr. Kozlik said that LMP sends signals but the policy on how Ontario will invest in transmission in the future has not been determined. LMP gives a sense of the cost of congestion differences and reinforces additional generation investment decisions to solve some of these problems but does not necessarily result in a transmission solution to solve the problem. Mr. Humphries wanted to know what LMP does for the Ontario economy from an efficiency point of view and is it the best economic decision from that perspective. Mr. Kozlik encouraged discussion on this issue by Committee members. Mr. Humphries expressed concern regarding the impact of LMP on industries that cannot easily re-locate in Ontario and the impact on the overall economy. Mr. Picardi stated that transition/fairness issues need to be considered but are separate and distinct from efficiency. Mr. Dorey asked whether the IESO had looked at the Alberta model – eliminate congestion under most operating circumstances leaving the issue of losses - and does that have more appeal or any appeal? The IESO had looked at the Alberta model and understand it solves a lot of what LMP would indicate are problems but as with any system, congestion does occur. It is an open question as to what is a reasonable level of congestion, and the levels of inefficiencies associated with that congestion versus the cost of a transmission solution. There is no answer yet on this question. Mr. Picardi asked how congestion payments are currently allocated to consumers; they are currently socialized across Ontario not locationally.

Ms. Girvan asked for the top three reasons that LMP should move forward. Mr. Kozlik said that they all fit in the basket of efficiency; market evolution is all about moving towards efficiency. She followed up by asking what was seen as the biggest problem. The biggest problem is the hourly Ontario energy price that is impacted by bottlenecks. Mr. Humphries would like to know with the increase in price from LMP, what will consumers be paying for with more efficiencies under LMP that they are not paying for now. In reply Mr. Kozlik said that this discussion is about the reasonableness that market signals lead to a more efficient future. Sometimes these price signals result in short-term pain for long-term gain. You also have to look beyond the electricity industry and look at a more efficient economy overall.

Mr. Horrobin asked about the political will over the next few years to implement LMP. The IESO is interested in the Committee's perception of political will. Mr. Horrobin asked about the impact on the timing of implementation of a day-ahead market if it was decided to proceed with additional nodal price analysis if Option 1 or 3 is chosen. Mr. Kozlik said that this is not a few months' exercise. It is probably more like a year and it also depends on the locational model chosen. It would make sense to settle on a locational model that was similar to those being used in other jurisdictions and to leverage the day-ahead market design on the experiences in other jurisdictions as much as possible. Mr. Horrobin asked about Option 2, "abandoning" LMP. A day-ahead market that will result in increased efficiencies and increased benefits to Ontario with unconstrained pricing models will be difficult. There is the DACP experience that was not there in 2003-2004. Although DACP helps with the DAM model, it has injected complexities into the market by providing day-ahead guarantees and how they are interplayed with the real-time issues. Trying to design an unconstrained day-ahead market is extremely complicated; it is not a trivial exercise.

Mr. Hunter of Manitoba Hydro offered a number of comments on based on his experiences in MISO. LMP is designed for a highly dispatchable thermal system. It is not clear as to whether that's the situation in Ontario given the amount of nuclear generation which is essentially non-dispatchable, and the long stability limited grid. Also given the history in Ontario and the large stations, redispatch would occur from a one point source and the redispatch provided by LMP may not be as effective in Ontario as it maybe in other U.S markets. Hydro is also a significant issue. Currently hydro resources in the northeast generate as much as they can on-peak and power flows north off-peak but with LMP hydro resources will receive less signals and will do less ponding. LMP can also produce extremely volatile prices for location which have few options. Forward contracting by the OPA will affect LMP because with different prices in different locations, does this mean that locational forward contracting would be needed? With LMP you are trying to achieve generation siting but the OPA is doing that function and transmission siting but LMP hasn't worked well in other jurisdictions. The study period used was a period of high hydro generation which results in lower offer prices for hydro which would mean lower prices in the northwest but during a drought situation, the northwest becomes an energy importer and then the price becomes higher in the northwest than in the south. If the northwest was in a drought during the study period, there would be different prices so this needs to be taken into consideration with additional analysis. When implementing LMP the IESO will need to look at allocation of initial financial transmission rights.

Mr. Hunt suggested transitionally looking at implementing LMP at the import and export points so those nodes would have different prices while Ontario would have one price. Implementing this on a transitional basis will help to stop the inefficient exports because the price is properly determined and there would be incentive to export out of the northwest and it would show the real price in that area.

Mr. Bentz then polled the committee members on what they would like to do moving forward on this issue.

Mr. McMillan stated that moving toward LMP made sense but there is still the question of whether there is the political will to implement LMP and without political will it is doubtful that LMP can be implemented. A more practical perspective is to figure out a way to deal with what we have today and putting in a simple system around a binding day-ahead market so he is on the fence with this issue.

Mr. Horrobin is also on the fence with this issue as he would like to receive more analysis of LMP implications and some indication from either the IESO Board or others that there is merit in pursuing this option further.

Mr. Dorey would like to abandon LMP studies and explore DACP enhancements that may bring additional benefits to the market. And build transmission.

Mr. Stradling is also on the fence with this issue because a movement to a day-ahead market is the most important thing and the impact of LMP on it is not known.

Mr. Reeves said the Committee should not be overly concerned about the politics but with what they themselves think about the proposals. Proposal 3 is not about implementing LMP but studying it. Mr. Reeves supported option 3.

Mr. Picardi is somewhere between Option 1 and 3 as more analysis would be beneficial but not to apply too many resources.

Mr. Osborne is not adverse to Option 1 and seeing additional analysis but if that analysis confirms what has been presented to date then he would support Option 2.

Mr. Humphries is leaning towards Option 3 but with a little more gusto than a measured pace so the analysis can be completed and the impacts known but at the same time not losing the opportunities that may occur as a result of enhancements to the day-ahead commitment. One alternative would be for LMP to be implemented only on the supply side, and thus address some of the political issues.

Ms. Girvan sees Option 3 as the best option although the political will to implement LMP needs to be examined and there are a lot of unanswered questions.

Mr. Bentz summarized that the theme he was hearing is that a day-ahead market is preferred but the political will to move this issue forward needs to be considered though political consideration shouldn't prevent the Committee from doing the right thing. There are concerns about the actual benefit around market efficiency given the supply mix and the desire to avoid compromising the development of a day-ahead market but Mr. Bentz supports Option 3.

Administrative Matters

Mr. Bentz explained that there is a tentative list of future meeting dates and locations in the materials provided and comments should be provide to Ms. Morris on those dates.

The meeting adjourned.