

Intertie Trading Conference Call Meeting Notes September 18, 2003

Included at the end of each section of the original discussion material are notes from the September 18, 2003 conference call. A list of attendees is provided at the end of the document.

1. Consolidation of Boundary Entity Resources

The IMO is proposing to reduce the number of and simplify the use of Boundary Entity Resources used for intertie transactions. The detailed proposal is included at the end of these notes.

Preferred implementation date is December 10, 2003 however, there is a possibility that higher priority IT work may push this date back.

A transition plan for the implementation will be developed and discussed with participants well in advance of the actual implementation date.

Actions:

IMO to provide IT contact name for this change:

Shu Shan Lee 905-855-6318 shu-shan.lee@theimo.com

2. Automatic Email Notification of Changes to Transactions and NERC e-Tags

The IMO has implemented software changes to allow emails to be sent automatically to participants when there is a mismatch between a scheduled transaction and it's associated NERC e-Tag or when a transaction is being adjusted. This is currently done with a phone call.

The IMO plans to phase this change in with a trial period where both the email and phone call will be used. A four week trial period is proposed, after which the IMO would stop making the phone calls and the automatic emails would be the only communication. Another conference call could be arranged during the trial period to discuss the trial and it's proposed end date.

There was some concern that the email notification at 30 minutes prior to the dispatch hour will not give participants sufficient time to provide any required NERC e-Tag info. Also, the possibility of not seeing these emails in time to take any required action was raised. It was noted that in almost all cases, the IMO would be making the required change to the existing NERC e-Tag.

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Participants asked if they would be notified of missing or incorrect NERC e-Tags if the IMO discovers a problem earlier than 30 minutes prior to the dispatch hour. This will not be done since participants are not required to have an updated NERC e-Tag submitted to the IMO prior to that. Notifying participants of NERC e-Tag problems hours in advance would result in many nuisance emails being generated.

A participant noted that in cases where the IMO changes the MW quantity on a NERC e-Tag, the IMO might enter the wrong amount due to losses. The IMO is not responsible for (and does not know) any required MW quantity adjustments due to losses. The participant remains responsible for ensuring that the quantity on the NERC e-Tag is correct.

The IMO will update Market Manual 4: Part 4.2 to indicate how this will function and what email messages will be sent. Until the next IMO market document baseline, IMO_IMDC_0025 documents this revised functionality. This document is currently available on the IMO web site at http://www.theimo.com/imoweb/pubs/imdc/mo_IMO_IMDC_0025.pdf.

The IMO began using this automatic email capability on September 23, 2003.

Actions:

Participants must provide the IMO with an email address to which these NERC e-Tag emails will be sent. IMO to indicate where participants are to send the required email address –

facility.registration@theimo.com

The IMO to arrange another conference call or meeting prior to the end of the trial period.

3. NERC Tagging for Wheels through Quebec

As described in Market Manual 4: Market Operations, Part 4.2, all NERC tags for transactions across Ontario-Quebec interties must identify HQT as the source or sink Control Area. Therefore, the tagging for a wheel through Quebec must be done via two separate tags, unless it is an export under Segregated Mode of Operation.

This is because the program that is used by the IMO and other Control Area operators to identify transactions (IDC) that must be reduced when limits are violated does not model wheels through Quebec properly.

HQ Transenergie reported that the required changes to IDC have been made to allow it to properly recognize wheels through Quebec when included on one NERC e-Tag. There may however still be a policy issue regarding this that NERC will need to address.

Actions:

The IMO to follow up with HQ Transenergie and NERC to confirm that changes to IDC have been completed, tested and accepted by NERC.

Once confirmed, the IMO will notify participants of the change, and revise the Market Manual.

4. Intertie Transaction Scheduling Protocol with NYISO

The following timeline outlines the protocol. This has been in place since late June 2003.

- T – 113 min. Start of IMO's 2-hour ahead pre-dispatch (PD) run.
- T – 90 min. IMO provides NYISO with a list of projected intertie schedules based on the results of the IMO's 2-hour ahead PD run.
- T – 75 min. NYISO filters their BME offers/bids to include only those accepted by the IMO (those provided in previous step). 1-hour ahead BME runs to determine final intertie schedules for NYISO.
- T – 60 min.* NYISO identifies to the IMO any transactions that were not scheduled by the 1-hour ahead BME and the IMO will remove them prior to the IMO's 1-hour ahead PD run.
- T – 53 min. Start of IMO's 1-hour ahead PD run. This will determine final intertie schedules for IMO.

* Does not occur at a scheduled time, but is after 1-hour ahead BME run finishes and before 1-hour ahead PD run starts.

Participants requested that the protocol be published on the IMO web site.

A participant expressed concern with the level of detail (not sufficient) in the protocol. Specifically, what does "remove them" in the step at T-60 mean? This means that the transaction not scheduled by the 1 hour ahead BME will be set to zero in the IMO's 1 hour ahead pre-dispatch constrained and unconstrained sequences, and no CMSC payments will apply.

Participants asked about the protocol for transactions with MISO. The same requirement for a protocol between MISO and the IMO does not yet exist since there is no energy market operating in MISO. However, there are failures of transactions between the IMO and MISO, and when this happens the market and dispatch schedules are made equal at zero, therefore no CMSC payments apply.

Actions:

The IMO will include a description of the NY transaction protocol in Market Manual 4.2, and it will contain more detail than that shown here.

5. Intertie Transaction Failures Update

Provide an update on recent performance regarding transaction failures. Also discuss possible changes to the IMO compliance guidelines for intertie transaction failures.

Compliance staff reported on intertie transaction failures over the last 11 months as shown in the attached pdf file. A discussion of the IMO's compliance guidelines for economic intertie transaction failures then followed.

A participant questioned the need for these guidelines at all and indicated that the IMO was the only jurisdiction in North America to have such guidelines. It was suggested that the guidelines were inconsistent with the intent of the Market Manual. The IMO disagreed and stated that the provision in the market rules places an obligation on participants accepted in the Ontario market to navigate the other leg of the transaction successfully, unless there are legitimate reasons for not doing so.

Commenting on the data for the month of July, a participant also suggested that the very small amount of transaction failures that violate the guidelines indicates that the current system is working. The IMO pointed out that the problem is the consistently high volume of economic failures and questioned the effectiveness of the guidelines.

Actions:

The IMO will continue to review the effectiveness of the compliance guidelines in reducing economic transaction failures. Any changes to these guidelines will involve a consultative process.

6. Intertie Trading Subcommittee of the Market Operation Standing Committee

In the past year the IMO has held informal meetings and conference calls for participants involved in intertie trading, when there were issues to discuss. The IMO would like to establish a formal Intertie Trading Subcommittee. It is proposed that this subcommittee would meet as required, and no less than once per year. The meetings could be via conference call or in person. As with other MOSC subcommittees, information on upcoming meetings and current issues involving intertie trading would be available on a dedicated web page on the IMO web site.

Participants expressed support for this idea. It was also suggested that the meeting format of this group be face to face meetings in Toronto instead of conference calls. The ability to phone into the meetings would also be provided for those unable to attend in person.

Actions:

The IMO to announce this new subcommittee at the September 22, 2003 MOSC meeting (done).

The IMO will produce a terms of reference document for this subcommittee and send it to participants for comment. A web page on the IMO web site will be set up for this subcommittee.

Intertie Trading Sub-Committee

Attendees

I will apologize in advance for spelling names incorrectly or any omissions for those names I did not capture. Please forward to any attendees not on the list.

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