

Minutes of Meeting

Date held: June 3, 2008	Time held: 8:30 AM	Location held: <i>Clarkson - Viewing Gallery</i>
Invited/Attended	Company Name	Attendance Status (A)ttended; (R)egrets; (S)ubstitute
Gary Wight	Constellation Energy	A
Gene Lung	Direct Energy Market Limited	A
Mark Mueth	DTE Energy Trading	A
Richard Gell	Ontario Power Generation	A
Linda Leung	Ontario Power Generation	A
Paul McCuaig	Powerex Corporation	A
Michael Pavo	Constellation Energy	via Teleconferencing
Blair Bromley	EPCOR	via Teleconferencing
Erik Bellevance	Hydro Quebec	via Teleconferencing
Kelly Hunter	Manitoba Hydro	via Teleconferencing
Paul Kerr	Shell Energy	via Teleconferencing
Scribe: Dina Shoukri Please report any corrections, additions or deletions to dina.shoukri@ieso.ca		

All meeting material is available on the IESO web site at: [Intertie Trading Standing Committee](#)

Document output of each agenda item below:

Agenda Item #1: Administration

Dave Robitaille welcomed the group and invited member to introduce themselves.

The minutes of March 5, 2008 were not accepted as written and have been posted on the web as draft to reflect member comments. A notification e-mail will be sent at the time of posting minutes will remain as draft until the next IJTSC meeting.

In review of the IJTSC Initiatives and Action list, it was noted that an action item listed in the March 5, 2008 minutes as an outcome of the Counter Intuitive Failure Charge presentation (the action on the IESO to provide a status update on the request to transfer Intertie Failure Charges to an hourly HOEP price) was absent. The action was added and details regarding status, background and outstanding actions were updated for each item

Agenda Item 2 **Linked Wheel Long Term Solution**

John Mackenzie of the IESO provided an update of the long term solution of the linked wheel initiative.

This update provided design elements and potential design issues for offers, pre-dispatch evaluation and scheduling, real-time scheduling and settlements and concluded with planned future steps which included soliciting IJT feedback on material presented.

The presentation is available at: [Linked Wheel Long Term Solution](#)

Related documentation: [Linked Wheel Long Term Solution Document](#)

Member Questions, Comments and Discussions

Discussions began with Richard Gell asking how a linked wheel could be assessed for economics at two separate interfaces with two separate intertie nodal prices when a linked wheel is evaluated as a single transaction with only one offer price. John MacKenzie assured the participants that there was a complex equation formulated to economically assess the transaction.

Discussions continued with Gene Lung asking whether or not this solution was simply another temporary solution. John Mackenzie assured the participant that the solution of one transaction flagged as a linked wheel was designed under the premise that it was what participants had wanted. The other participants in attendance agreed that it was in fact what they had requested.

Gary Wight requested that intertie nodal pricing be considered during design of the DAM.

Blair Bromley asked whether, under the new design, it would be possible for a linked wheel to set the price in pre-dispatch and/or if that pre-dispatch difference could carry through to real time. Participants were told that this is not likely to happen as under the new design linked wheels would not be offering a price, but a delta between two interface nodal prices.

Questions arose as to the timing of the long term solution's implementation. Response was that of uncertainty but with assurance that it would not be any time soon.

Gary Wight asked if an export is constrained will there be a constrained price minus congestion bid on the import leg. The IESO asked for clarification to the question. The participant committed to providing clarity and following up at a later date.

Action: IJT participants to review presentation and attached document and respond with their comments by the end of the month to Dave Robitaille. Following this the IESO is to take this information to the Technical Panel on the participants' behalf

Agenda Item 3 New York Failure Updates

Dina Shoukri of the IESO provided an update on NY failures as a result of the revised treatment of non-security failures on the New York intertie. The treatment came into effect on December 20, 2007 and aimed to rectify the treatment of failures that have been communicated by NY as security failures but have always been due to economics. An update presentation was provided on March 5, 2008 and a commitment was made by the IESO to provide continual updates at every meeting until otherwise directed. The presentation included statistics of the rate of number of transactions that have failed, failed volume amounts and the change in proportion between security and economic failures between Ontario and New York prior to and following the implementation of the change.

The presentation is available at: [IESO-NYISO Intertie Transaction Failures - UPDATE](#)

Member Questions, Comments and Discussions

All participants requested that the New York failure updates continue to the next IJTSC meeting. Gene Lung requested that in addition to the statistics provided that the total number of pre-dispatch scheduled transactions be included.

Agenda Item 4 Counter Intuitive Failure Charges

Jessica Greenberg of the IESO provided an update on the analysis of counter intuitive failure charges. Upon looking at extreme pricing events over the past two years, no inappropriate failure charge was found and consequently, MACD will not consider reviewing failure charges for price-based criteria. Other possible criteria were presented. Jessica also mentioned that the action to change the calculation of failure charges to an hourly equation would require a market rule amendment and, as such, has been moved to the Market Rules group and will be discussed at the Technical Panel.

Action: Analysis on the potential of using the following as criteria for MACD to review failure charges.

1. Export failure charges when the IESO is curtailing in the same hour for adequacy or security (on the same interface)
2. A loss of a generator and real-time price decreasing
3. A generation gain and real-time price increasing

The presentation is available at: [Counter Intuitive Failure Charges](#)

Member Questions, Comments and Discussions

Richard Gell expressed concern as to how long it has taken for the calculation of failure charges to move to being on an hourly basis as opposed to on a five minute basis.

Agenda Item 5 Control Action Operating Reseve

Tabatha Bull of the IESO provided a presentation with the history of CAOR and its implementation. The presentation included the original 3 options presented on April 20, 2007 following NYISO no longer accepting recallable exports and how option 1, which is the current process, was agreed to with the IJTSC on May 10, 2007. Additional information was provided illustrating an improvement in the rate at which transactions are correctly made recallable on an economic basis. Examples of reliability reasons which may result in deviation from this procedure were also provided.

The presentation is available at: [CAOR & Recallable Exports](#)

Member Questions, Comments and Discussions

Mike Pavo questioned why rather than scheduling CAOR, internal generation could not be used instead. Additionally he asked whether or not CAOR could be a price setter. It was explained that internal generation OR offers are stacked economically with CAOR and if there are economic internal generation offers they are being used. Additionally it was also noted that CAOR often sets the OR price.

Paul Kerr suggested that the current method in which transactions are selected as recallable should be reviewed and that perhaps biasing the MISO interface should be considered. Jack Lubek of the IESO suggested making transactions recallable on an economic basis with New York at the 90 min. checkout and on an economic basis with all other interfaces at the 30 min. checkout. All committee members agreed.

Action: The IESO is to send out a draft of the option to make transactions recallable on an economic basis with a bias away from the New York interface at the 30 minute checkout is to be sent to the members of the committee for their review and comments.

Agenda Item 6 NISL & Shadow Price Report Update

Tabatha Bull of the IESO provided the committee with information regarding the availability of NISL Shadow Prices and ICP for each intertie and Intertie Nodal Prices. Both reports were made available to Market Participants effective June 4, 2008.

The presentation is available at: [NISL & Shadow Price Reports](#)

Following the release of the NISL Shadow Price report the IESO has resolved two inconsistencies. The report is now publishing the correct Intertie Congestion Price and the NISL shadow price value when NISL is binding in the unconstrained run. These changes were made effective June 23, 2008 at 15:23.

The IESO will be adding the data from the constrained schedule so that a NISL value is shown when NISL is binding in both schedules. This addition will be made in the September 2008 baseline update.

Member Questions, Comments and Discussions

Committee members had no questions or comments.

Agenda Item 7 Operating Reserve Imports to Ontario sourced in MISO and PJM

Tabatha Bull of the IESO provided information regarding operating reserve imports sourced in MISO. No presentation was available as this is was just a verbal update. It was explained that MISO does not allow participants to purchase ramp on tags with a 0 MW energy profile and will thus not export OR. They do however, allow linked wheels of OR and therefore any OR imports from MISO must be sourced from PJM.

It was recently found that due to timing and tagging rules, OR sourced in PJM cannot be delivered within the required 30 minutes. For this reason, the IESO can no longer accept OR transactions sourced in PJM.

Member Questions, Comments and Discussions

Discussions began with questions as to whether the IESO was certain that PJM was aware that there was OR being scheduled out of their system. It was assured that PJM were aware as transmission had been reserved with an energy value of 0 MW. Discussions then moved to who should be held responsible for the inability to deliver scheduled OR, whether it was the market participant, or PJM. Darren Finkbeiner of the IESO explained that there is a specific market rule that states once an ISO has approved a tag, the market participant is no longer responsible.

Action: The IESO will cease the acceptance of OR from PJM until this issue is resolved.

Agenda Item 8 Stakeholder Engagement Initiatives Involving Traders

Guy Springgay of the IESO provided a review of ongoing stakeholder engagement initiatives that involve energy trading.

The presentation is available at: [Stakeholder Engagement Initiatives](#)

Member Questions, Comments and Discussions

Committee members had no questions comments.

Agenda Item 9 Day-Ahead Market Evolution (SE021) Update

Jeannette Briggs of the IESO provided an update on the status of Stakeholder Engagement 21, Day-Ahead Market Evolution. The update included what the IESO has learned from stakeholders as well as a request for more information from the committee on how a UDAM provides higher efficiency gains to Ontario than other options presented.

The presentation is available at: [Day-Ahead Market Evolution](#)

Member Questions, Comments and Discussions

Conversations began with Paul McCuaig expressing concerns on how well the IESO could effectively establish the presence of efficiencies when the deadline for making that decision is June 19th. Committee members were assured that the June 19th deadline was merely to assess whether or not there were efficiencies to be gained from including exports in DACP and was not to assess precisely what those efficiencies were. Jeannette told committee members that providing their feedback in response to her request for assistance in answering the questions in her presentation would help assist in establishing these potential efficiencies.

Gary Wight asked if nodal prices for exports and imports were going to be linked to DACP. Jeanette stated that this was being looked at as part of a separate initiative.

Action: IESO to send out a communication to all traders with a reminder of all questions that were posed in the presentation and direction as to where to send their responses.

Agenda Item 10 Additional Business

Gary Wight and Mike Pavo began the discussion with a proposal for a market rule amendment in regards to the uplift charges associated with linked wheel transaction. It was stated that since a linked wheel does not actually inject or withdraw energy to or from Ontario, a linked wheel transaction should not be subject to the same charges that apply to imports and exports especially when they do not reap the same benefits such as CMSC. Darren Finkbeiner of the IESO agreed with Constellation that linked wheel transactions are in fact being charged uplifts for things for which they have no direct impact but went on to express that this is a significant consideration. Paul Kerr expressed concern against the potential that the request for this market rule amendment may open "Pandora's Box" against the entire principle of load paying uplift charges in that not all load contributes equally to every factor for which uplift is charged.

Action Item Summary				
#	Date	Action	Status	Comments
1	June 3, 2008	IJT participants to review the Linked Wheel Long Term Solution presentation and attached document and respond with their comments by the end of the month to Dave Robitaille. Following this the IESO is to take this information to the Technical Panel on the participants' behalf.	OPEN	
2	June 3, 2008	Analysis on the potential of using the following as criteria for MACD to review failure charges. 1. Export failure charges when the IESO is curtailing in the same hour for adequacy or security (on the same interface) 2. A loss of a generator and real-time price decreasing 3. A generation gain and real-time price increasing	OPEN	
3	June 3, 2008	The IESO is to send out a draft of the option to make transactions recallable on an economic basis with a bias away from the New York interface at the 30 minute checkout is to be sent to the members of the committee for their review and comments.	CLOSED	Since the last IJTSC meeting, MISO has ceased in accepting recallable transactions. As such the IESO will continue to look at other options.
4	June 3, 2008	The IESO will cease the acceptance of OR from PJM until this issue is resolved.	CLOSED	The IESO is no longer accepting OR sourced from PJM
5	June 3, 2008	IESO to send out a communication to all traders with a reminder of all questions that were posed in the Day Ahead Market Evolution presentation and direction as to where to send their responses.	CLOSED	