

Minutes of Meeting

Date held: February 05, 2009	Time held: 9:30 am	Location held: Clarkson Viewing Gallery
Invited/Attended:	Company name:	Attendance Status: (A)ttended; (R)egrets; (S)ubstitute
Bellavance, Erik	Hydro Quebec	A
Bromley, Blair	EPCOR Merchant & Capital LP	Via Teleconferencing
Connell, Shaun	TransAlta Corporation	A
Coulbeck, Rob	RBC Capital Markets	A
Felli, Ugo	Aquilon/Silverhill Limited	A
Gell, Richard	Ontario Power Generation	A
Harrison, Ryan	North Point Energy	Via Teleconferencing
Hillstrom, Douglas	Cargill Energy Trading Canada	Via Teleconferencing
Hudson, Chad	TransAlta Corporation	Via Teleconferencing
Hunter, Kelly	Manitoba Hydro	Via Teleconferencing
Jaman, Curtis	EPCOR Merchant & Capital LP	Via Teleconferencing
Johnson, Wes	Bruce Power	A
Kerr, Paul	Shell Energy	Via Teleconferencing
King, Richard	Ogilvy Renault	A
Laurin, Marc-Andre	Brookfield Power	A
McCuaig, Paul	Powerex Corporation	A
Taylor, Janene	EPCOR Utilities Incorporated	A
Urukov, Vlad	Ontario Power Generation	A
Wells, David	Manitoba Hydro	A
Drake, Gordon	IESO	
Finkbeiner, Darren	IESO	
Greenberg, Jessica	IESO	
MacKenzie, John	IESO	
Malik, Rayhan	IESO	
Peng, Ran	IESO	
Robitaille, Dave	IESO	
Springgay, Guy	IESO	
Scribe: <i>Ran Peng</i> Please report any corrections, additions or deletions e-mail to ran.peng@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 of the IESO welcomed the group and invited members to introduce themselves.

The minutes of October 28, 2008 were accepted as written with no comments from the members. They will be posted on the web as final.

Dave asked if re-prioritization of the IJT initiatives list was required. There were no comments from members and, as a result, the list will remain as is.

Agenda Item #2 Updates

• **Transmission Rights(TR) Implications of 2009 New York Outages**

Jessica Greenberg of the IESO provided an update on the Transmission Right's (TR) market implications of the expected upcoming New York planned outages in 2009.

Member Questions, Comments and Discussions

Participants asked if the outages are going to happen at the same time, when the outages are taking place and if the scheduling limits of the tie lines will be taken down to zero during the outages.

The IESO explained that the dates and scheduling limits on the intertie during these outages is uncertain. After all the information is available, the IESO will perform necessary analysis and assessment to determine the scheduling limit on NY and MICH intertie. The IESO has been informed that each circuit will be coming out of service for a long period of time (15 to 16 weeks), the first one is to be out in spring, the second one in fall, but the dates have not been determined yet.

One participant asked if the Market Participants will be notified 60 days in advance, as the short term auctions take place 60 days prior to the short term TR auctions.

Jessica Greenberg of the IESO confirmed that the data posting for the short term auctions takes place 60 days in advance but the IESO is allowed to update the TR auctions if the TR numbers have been changed. The IESO will update the participants when more information is available about these outages.

A participant asked if these outages will prompt other changes to the internal updates of the IESO, such as the 18 months outlook. Darren Finkbeiner of the IESO confirmed that the internal updates of the IESO

such as 18 months outlook, outages assessment etc. will change. As more information is available at the IESO, the participants will be updated.

One participant asked if the IESO is the initiator of these events. The response was that New York Transmitter is the initiator, but there will be coordination between the IESO and New York.

A participant asked if uplifts would cover any shortfall in the TR account. The IESO stated that any shortfall would not be covered by uplifts. If required, the IESO will use its financial instruments to fund payouts and, although the IESO has the authority, it does not expect to ask the loads.

- **Financially Binding Status (FBS) Next Steps**

Gordon Drake of the IESO provided an update on the next steps of the Financially Binding Status (FBS) and proposed to remove FBS development with NYISO from the IJT work plan.

Member Questions, Comments and Discussions

Market participants raised their concerns about removing the Financial Binding Status with the introduction of EDAC and about the identified complexity of the incorporation of FBS into EDAC. There was general consensus that eliminating FBS is a step in the wrong direction.

Darren Finkbeiner of the IESO explained that the Intertie Offer Guarantee (IOG) was introduced to ensure the reliability of the system and the notion of completely dismissing the offset goes against the rationale of why the IOG was introduced, which is reliability. The IESO is recommending not introducing the FBS to EDAC.

A participant asked if EDAC is a forecasting tool. Gordon Drake of the IESO explained that the EDAC is designed to make more efficient decisions in day ahead to satisfy the market demand.

Market participants raised their concerns about removing the FBS in the EDAC and initiated discussions about the benefits of the FBS. Darren Finkbeiner of the IESO stated that the IESO has not seen the value of this program nor the benefits it was expected to provide. A participant stated that with EDAC, there will be increased usage of FBS because there are exports in EDAC. The benefit is not seen today because there are no exports in the current DACP design. The IESO suggested that the participant write a summary on the value and benefits of FBS that the IESO will consider.

Action Item: Market Participants to provide additional inputs on the value and benefits of Financial Binding Status within 1 week to Dave Robitaille. The response will be given by the IESO 1 week from receiving these inputs.

- **Failure Charge Equation**

Jessica Greenberg of the IESO gave an update on the Failure Charge Equation. The IESO stated that the proposed change require market rule changes and is currently on the Technical Panel Forward Agenda.

- **HVDC**

Jessica Greenberg of the IESO gave an update to the status of the new Quebec HVDC tie line.

Member Questions, Comments and Discussions

One participant asked about starting date of the HVDC tie lines. Jessica Greenberg of the IESO explained that Quebec has not released the official date. It is expected to be in the spring of 2009.

Jessica stated that the IESO will keep updating with further development and provide an educational piece for the stakeholders in the near future.

- **MISO Protocol**

Dave Robitaille of the IESO provided an update on the MISO protocol.

Member Questions, Comments and Discussions

One participant raised a question about issues with the lack of availability of the ramp in MISO. The market participant is questioning that if there is no ramp in MISO, why they should purchase the transmission when it is not going to be utilized. Dave Robitaille of the IESO explained that this issue will be discussed at a later time and the MISO protocol deals purely with transmission service not the ramp.

While discussing MISO procedures, although unrelated to the MISO protocol, a participant questioned the IESO's decisions to curtail some firm transactions. Dave explained that the IESO put the protocol in place from reliability and seams issues perspective. If hours of failures have been seen due to lack of transmission service, the IESO will take an average over a period of time of the successful transactions, removing transactions above those successful amounts for a period of time until the curtailments cease to exist. The IESO removes the transactions that are to fail based on observations made in the previous hours. Dave stated that the IESO is having discussions with MISO about how to have a more coordinated cooperative scheduling limit on the interface, and deliver a better solution. The market participants will be updated accordingly.

- **Phase Shifter**

Dave Robitaille of the IESO provided updates on the phase shifter. Discussions regarding the operating instructions of the phase shifters are still on-going.

- **Long term Linked Wheel Solution**

John Mackenzie of the IESO provided an update of the long term solution of the linked wheel initiative. There is a working group consisting of the IESO staff and traders formed in summer 2008 to look at the long term solutions of how to schedule and dispatch linked wheels. The working group came up with a design where a linked wheel will be operated as a single transaction; the price will be the difference between the sink and the source and the zone prices that the traders will be willing to pay in order to make the linked wheels flow. There were a number of issues that have been identified by the working group. The cost of the implementation was estimated at around \$ 500,000, which includes changes to the IESO system, settlement system and dispatch scheduling system. No meetings and communications have been placed since last Christmas however different members of the working group are working on the different issues that have been identified. The IESO is continuing working on the impact of the existing linked wheel bid and offer requirements on the intertie zone prices. A meeting will be called in the near future to keep all parties up to date. The goal is to go to the Technical Panel by the end of March 2009, with a proposed design and issues addressed or mitigated.

Agenda Item #3 Net Interchange Scheduling Limit (NISL)

Jessica Greenberg of the IESO gave a presentation about the Net Interchange Scheduling Limit (NISL). The presentation was an overview of the NISL and a refresher on how the NISL is calculated, when it is binding, how negative Congestion Management Settlement Credits (CMSC) is created, as well as what is seen in the IESO NISL report were presented.

Member Questions, Comments and Discussions

One participant asked if the limit is always set at 700 MW. Dave Robitaille of the IESO explained that the 700 MW can be increased to 1000 Mw for reliability reasons. The participant then asked how often this increase happens and what is required to implement the change. Dave stated that the IESO will go through the control action list to identify whether there is a requirement to increase the NISL. The IESO was unaware of a time when the NISL had to be increased. A participant asked how early in advance the change can be made. It was answered that 1 hour ahead was sufficient time for predispatch to pick it up. A participant suggested that an option to avoid a NISL violation could be to open the mandatory window for bids and offers to be updated. Darren Finkbeiner of the IESO stated that it is worth considering and confirmed that the manual process does not happen very often.

One participant asked how to determine which transactions to cut during the manual process of NISL violations and if it is dependent on the duration of the transactions. Jessica Greenberg of the IESO explained that the IESO will only reduce those transactions that contribute to the NISL violation and within those participants, reduce in the most economic order.

A participant asked if the events of December 18 were a result of manual intervention. The IESO confirmed that it was the automatic process of the DSO in terms of solving the NISL violations on December 18, 2008. The DSO did what it was supposed to do.

Participants raised their concerns about the negative CMSC payments and questioned its fairness. The IESO explained that we have sets of rules that were designed and that this result is the risk associated with the market design.

A participant asked if there is going to be a public report of the events on December 18, 2008. The IESO confirmed that a confidential report exists but, due to the confidential information it contains, it will need to be evaluated to determine whether it can be released to public.

A participant asked that the IESO provide an explanation as to how prices can go to \pm \$2,000 when there are not bids or offers at that price.

Action Item: The IESO to provide an explanation on how the intertie prices are set.

Agenda Item #4 Partial Transactions with MISO

Ryan Harrison of North Point Energy described the issue North Point is facing with respect to partial transactions with MISO. North Point offers 50 MW into the IESO administered market, where it was economic and thus scheduled. North Point submits a transmission request for 50 MW in MISO, but only 30 MW is approved by MISO. North Point phones the IESO to adjust the e-tag and schedule to 30 MW. However, because the MWs from the e-tag do not match with the schedule, the IESO operator does not accept the reason for failure. The IESO operator stated that they do not accept partial transactions. The question from the market participant was why the IESO did not curtail the transactions from 50 MW to 30 MW to match the participant's transmission from MISO but instead curtailed the transaction to 0 MW.

Another participant asked a question about MISO ramp. The participant was successful in both MISO and the IESO market for the hour. The first 15 minutes of energy was curtailed by MISO due to the ramp. The participant questioned if the IESO would accept the 45 minutes of energy. Furthermore, a participant asked why a participant should buy transmission in MISO (as proof to the IESO that they tried) knowing that the transaction will fail because there is no ramp. The participant asked if there was a better way to show the IESO that the participant failed due to ramp in MISO.

Dave Robitaille stated that the IESO would think about a better solution.

Action Item: The IESO to think about a different resolution for the MISO ramp and partial transaction issues with MISO.

Agenda Item #5 Stakeholder Engagement Update

Guy Springgay of the IESO provided a presentation on the status of Stakeholder Engagement Initiatives that involve traders. Participants had a few clarification questions on SE-57 and the proposed expanded scope. A participant asked why Surplus Baseload Generation (SBG) issues would be discussed with embedded generators. Dave Robitaille stated that the conditions of SBG will be exacerbated by the growing number of renewable and embedded generation and that these will be resources that will be able to assist with alleviating the SBG condition. The IESO feels that SE-57 is the appropriate forum for this discussion.

Agenda Item#6 Additional Businesses

Dave Robitaille of the IESO asked the participants to provide comments by the end of next week on the draft Terms and Reference. Dave also stated that the dates of next IJTS meetings are posted online.

Agenda Item#7 Open forums on Trader Issues

Dave Robitaille of the IESO stated this last item was an open forum for the trader issues for discussions. He stated that the discussion on EDAC was discussed in the morning with the discussion on FBS. Dave asked if there were any other issues to be discussed.

One participant asked why the generation outage report created on the weekend was not published until Monday. Dave Robitaille of the IESO explained that this is a manual process. There is no person in on the weekends to publish the report. The IESO will provide a formal response to this request.

Action Item: The IESO to write a formal response to the above stated question.

Action Item Summary				
#	Date	Action	Status	Comments
1	February 5, 2009	Market Participants to provide additional inputs on the value and benefits of Financial Binding Status within 1 week to Dave Robitaille. The response will be given by the IESO 1 week from receiving these inputs	OPEN	
2	February 5, 2009	The IESO to provide an explanation on how the intertie prices are set.	OPEN	
3	February 5, 2009	The IESO to think about a different resolution for the MISO ramp and partial transaction issues with MISO.	OPEN	
4	February 5, 2009	The IESO to write a formal response to the question of why the generation outage report created on the weekend was not published until Monday	OPEN	