

Minutes of Meeting

October 29, 2006, 1:45 pm – 4:30 pm

Park Plaza Toronto Airport Hotel

Attendees

Company	Name
Abitibi-Consolidated Company of Canada	Degelman, Cara
AMPCO	Mei, Sam
Dofasco Incorporated	Smith, Paul
XstrataNickel	Dumais, Dan
Gerdau Ameristeel Corporation	Forsyth, Dave
Ivaco Rolling Mills	Abdelnour, François
Wescast Industries	Thoma, Tony

IESO
Briggs, Jeannette
Drake, Gordon
Kozlik, Ken
Springgay, Guy
Wilbur, Bill
Wright-Hilbig, Rhonda

Agenda Item #1: Administration

Agenda items 2 (DAM-CMSC and Follow-up Items from September 26th Meeting) and 3 (Update Dispatchable Loads providing 10 minute synchronized operating reserve) were changed in order on the agenda.

R. Wright-Hilbig asked for comments on the minutes from the previous meeting. No comments were received on the minutes from the September 6 meeting. Minutes approved and will be posted as final.

Agenda Item #2: Update Dispatchable Loads providing 10 minute synchronized operating reserve

G. Drake reviewed changes to Market Manuals which result from the market rule amendment allowing dispatchable load participation in synchronized reserve.

Action: IESO will confirm the cascading selection order for bids for operating reserve.

Agenda Item #3: DAM – CMSC and Follow-up Items from September 26th Meeting

B. Wilbur presented the schedule for implementation on the DAM effort. One week from the DLWG meeting, a progress report will be published on the DAM which will highlight what has been learned since the initial presentation of the DAM options. Option 1 (Price forecast) and Option 3 (Unconstrained DAM) are being studied now. There will be a stakeholder meeting to review the paper on November 12th and the paper will be presented at the next Stakeholder Advisory Committee on December 5th. The paper will be presented to the Board in December and the IESO is looking for approval to continue investigating Option 3 without asking the Board to formally commit to one option over another. By spring of next year, the IESO will go back to the Board with a recommendation as to whether or not to proceed with detailed design of the Option 3 DAM.

B. Wilbur gave a presentation on the details of Option 3 DAM. Under this option, the constrained and unconstrained schedules will be run day-ahead using 24-hour optimization, yielding both physical unit commitments and advisory schedules and financial commitments. R. Wright-Hilbig asked for a clarification as to whether the dispatchable load will be comparable to how they are bid into DACP now. B. Wilbur explained the DAM will provide greater flexibility in that consumers may bid their consumption as non-dispatchable, bid into the day-ahead market as dispatchable, or elect to forego the day-ahead market and participate in real-time at the day-ahead price. Both energy and operating reserve markets will allow for participation day-ahead and in real-time,

settled according to the two-settlement equation. Participants asked if consumers would be able to exercise more than one of these options in a single day. B. Wilbur stated that the development process hadn't reached this level of detail yet. Participants asked if outages submitted by dispatchable loads would be factored into the day-ahead forecast. The commitment process for the DAM will be similar to that of DACP and that outages will be factored into the commitment of units for the next day. Participants asked how costs arising from imbalances between day-ahead unconstrained schedules and real-time constrained schedules for the default demand would be allocated. While not all details are yet known, the current thinking is that the imbalance cost associated with the default demand would be spread across the market.

B. Wilbur presented a number of examples to illustrate the difference between a real-time only settlement system, a two-settlement system, and a day-ahead only settlement system. Participants asked whether the two-settlement system puts them in a better position relative to the current settlement system. B. Wilbur pointed out that the new system provides a potential upside as well as a potential downside, depending on the price difference between day-ahead and real-time. Participants asked why there is a need for an operating reserve market day-ahead, instead of maintaining it only in real-time. In order to optimize the unit commitment between energy and operating reserve, the IESO needs to be aware of the resources offering operating reserve in the day-ahead timeframe. Participants felt that the efficiency of unit commitment depends on the forecast of demand and were not confident that the means exist to develop an accurate forecast.

Participants expressed an interest in seeing more development on the integration of operating reserve into the day-ahead market and the associated risks for consumers. Of particular interest is the question as to whether there is a need for an operating reserve market day-ahead.

Agenda Item #4: Next Steps / Adjourn

Comments on the issues discussed at this meeting may be directed to Stakeholder Engagement (stakeholder.engagement@ieso.ca).