

Notes from 6th Meeting of the Market Pricing Working Group

Friday August 6, 2004, 8:30 – 3:00

Attendees:

<u>Name</u>	<u>Company</u>	<u>Name</u>	<u>Company</u>
Bell, Brian	Ontario Power Generation	Wu, Lawrence	TEAM Ltd.
Cary, Rob	Cardinal Power	Yang, Bunli	E4 Inc.
Chabot, Julie	Hydro Quebec Production		
Cochlan, Marcy	TransAlta	Chan, Andrea	IMO
Coulbeck, Rob	Ontario Power Generation	Haynes, Daryl	IMO MPWG Team
Duzy, Margaret	TransCanada Energy Ltd.	He, Andy	IMO
O'Connor, Sandy	TransAlta	Maria, Gamal	IMO MPWG Team
Samant, Shushil	Northland Power Inc.	Pietrewicz, Andrew	IMO MPWG Team
Simpson, Mark	Wescast Industries Inc.	Rivard, Brian	IMO MPWG Team
Snelson, Ken	AMPCO	Sergejewich, Peter	IMO MPWG Team
Vasquez, Noralyn	TransCanada Energy Ltd.	Wilbur, Bill	IMO MPWG Team

Item #1: Review of Action Items from July 9 Meeting

- 2.1 IMO staff continuing to examine methods to gain residential representation on the MPWG - **Open**
- 3.5 – MPWG members requested to forward impacts of the pricing issues discussed at previous meeting – **Open**
- 4.6 – IMO staff to provide link on the Market Pricing page to Rick Jennings presentation at June 23, 2004 MAC meeting – Link was provided – Closed
- 5.1 – IMO staff to investigate NYISO use of out of market reserve resources – **Open**
- 5.2 – A new pricing issue will be identified for the pricing of in market CAOR – Issue 36 created and report document drafted – Closed
- 5.3 – IMO staff to provide data on how often the CAOR is scheduled – some data is available on website but update to be provided at next meeting – **Open**
- 5.4 – IMO staff to find out how NYISO handles line loss factors – **Open**
- 5.5 – IMO staff to report on all changes to the line loss factors since market opening – Line loss factors have not been changed. Issue 19 text changed to reflect same – Closed
- 5.6 – IMO staff to report on possibility of publishing the line loss factors – **Open**

Item #2: Questions/Comments on Previously Discussed Pricing Issues

- There were no comments or questions on the Pricing Issues discussed at the previous meeting.

Item #3: Pricing Issues for Discussion

- Issue 1 – Pre-Dispatch Price Bandwidths – Reviewed the report document – Issue originally arose from loads wanting a better prediction of real time prices. MPWG members suggested the real time price prediction aspects of this issue could be amalgamated with Issue 30 while this issue should be more focused on pre-dispatch uncertainty. It was felt that this report describes a solution rather than a pricing issue. The report document should be re-written to reflect a focus on pre-dispatch price sensitivity, with price bandwidths being a possible solution.
- Issue 7 – Imports Setting Price – Reviewed the report document - Originally identified by the DAM Working Group. MPWG members believe this issue is independent from DAM. It was suggested the

title of the issue be changed to include exports. It was also suggested the description be changed to indicate that not allowing imports/exports to set price was a consequence of a market design decision. This report will require substantial re-write to reflect the changes required.

- Issue 28 – Compensation under Administered Pricing when Incorrect Prices have been Posted – Reviewed the report document – The text should indicate that the existing rules regarding compensation for dispatchable facilities only allow compensation for administered prices beyond 48 consecutive intervals. It was noted during discussions that while the total market impact may be small the specific participant impact may be very large.
- Issue 32 – Role of Import Offer Guarantee in Certain Hours – Reviewed the report document – MPWG member suggested this issue should be broadened to include all hours and not just hours 22 -24. This report document will be substantially re-written to reflect the discussion.
- Issue 33 – Rules for Determining Prices in Times of Shortage – Reviewed the report document – Penalty factors used by the DSO were discussed. It was recognized that out of market control actions do not have an impact on this issue.

Action 6.1: IMO staff to check the DSO handling of energy shortages – will the price be MMCP or the highest energy offer price?

- Issue 34 - Rules Concerning the Breaker Status of Quick Start Facilities – Reviewed the report document – Discussions revealed there may be a need to consider separate treatment of generating units whose characteristics fall between quick start and the traditional non-quick start. It was noted NYISO has a program to deal with these types of simple cycle plants. It was also noted that there is no current reference to Quick Start in the Market Rules. MPWG members would like to see this issue expanded to include all generating units, not just quick start and a section added to the report that describing the possible impact of transmission outages.
- Issue 35 – Impact of Other Out of Market Control Actions on the Market – Reviewed the report document – MPWG members do not believe the document makes enough reference to the effects of CMSC. Issue 7 should be added to the Related Issues section. It should be noted in the text that the IMO would endeavor to follow the principles. It was also suggested that the listing of principles could be removed and the addition of base cases to the table of instances added.
- Issue 36 – Control Action Operating Reserve – Reviewed the report document – MPWG members requested a reference to the rule or manual that gives the IMO the authority to make exports recallable in order to back the CAOR.
- Issue 23 – Elimination of Constrained Off Payments – Reviewed the report document – It was suggested the document should be characterized as Uncertainty around Constraint Payments. The document should mention the rule amendment concerning self induced CMSC for loads as well as the strawman currently under development for generators. MPWG members would also like a statement on the relationship of CMSC between the DAM and real time markets to be added to the document. This report document will be substantially re-written to reflect the discussion.
- Issue 26 – Relationship between Competitive and Regulated Wholesale Prices – A report document was not prepared for this issue. Discussion was held to clarify this issue to be documented. Some concern was expressed regarding any self scheduling within the Heritage pool. It was suggested a draft document be created outlining the potential issues, which would be expanded as more information becomes available.

Item #4: Pricing Issues for Next Meeting

- There are only a few remaining issues and many should not require significant discussion. The IMO will select the issues to be discussed at the next meeting and indicate them in the agenda.

Item #5: Other Business

- The next meeting is August 20, 2004 and will be an all day meeting (8:30 – 3:00).
- It was suggested some initial issue prioritization take place at the next meeting.

Action 6.2 – MPWG members review the issues and give some thought to a preliminary prioritization to be discussed at next meeting.

Action 6.3 – IMO staff to draft a preliminary grouping of the issues to be discussed at the next meeting.

- It was noted that a number of the issue documents require substantial revision. It was therefore suggested that a statement be added to the MPWG web page indicating all the documents are subject to revision. Also some issues discussed today that require major revisions will have a note added to their text indicating their draft nature prior to posting on the web page.

Action 6.4 – IMO staff to have statement added to web page indicating all documents are subject to change.