

## Notes from 4<sup>th</sup> Meeting of the Market Pricing Working Group Friday June 25, 2004

**Attendees:**

<u>Name</u>	<u>Company</u>	<u>Name</u>	<u>Company</u>
Benner, Ryan	Dofasco Inc.	Wu, Lawrence	TEAM Ltd.
Cary, Rob	Cardinal Power	Yang, Bunli	E4 Inc.
Coulbeck, Rob	Ontario Power Generation		
Duzy, Margaret	TransCanada Energy Ltd.	Findlay, Al	IMO
Heaton, Randy	Ontario Power Generation	Haynes, Daryl	IMO MPWG Team
Miles, Tony	Hydro One Networks	Maria, Gamal	IMO MPWG Team
Poyton, Cliff	Epcor Merchant & Capital L.P.	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 June 11 Meeting**

- 2.1 IMO staff continuing to examine methods to gain residential representation on the MPWG - **Open**
- 2.6 IMO staff continuing to inquire if sandbox environment can continue to be utilized for pricing analysis following MIO testing –**Open**
- 3.1 Non-disclosure agreement was provided to MPWG and was addressed under agenda item 2 – **Closed**
- 3.2 Revisions were made to the Terms of Reference and forwarded to MPWG members – **Closed**
- 3.3 Revisions were completed to the Guiding Principles document and forwarded to MPWG members – **Closed**
- 3.4 Revisions to 12 Times Ramp Rate two pager were completed – **Closed**
- 3.5 MPWG members requested to forward impacts of the pricing issues discussed at previous meeting – **Open**
- 3.6 Issues tracking document was revised to include pricing issues identified at previous meeting – **Closed**

**Item #2: Review of Non-Disclosure Agreement to Allow Release of IMO Test Data**

- Discussions were held the NDA and the changes suggested by MPWG at previous meeting. There was some concern with having a single NDA for all MPWG members over individual NDA's for MPWG members.
- MPWG members indicated they would prefer to have individual NDA's if they were required for the release of market pricing data.
- Some discussion was held as to the need for NDA's in order to receive the data.

Action 4.1: IMO staff to review with legal counsel the need for and structure of the non-disclosure agreement for discussion at next meeting.

**Item #3: Guiding Principles for Pricing Issues Discussions**

- Reviewed the Guiding Principles document following changes suggested at previous meeting and comments received via email. The document will be completed with the final minor changes suggested by MPWG members. It was identified the document can be revised by the working group if circumstances warrant.

**Action 4.2: IMO staff to complete changes to Guiding Principles document and forward to MPWG members prior to next meeting.**

#### **Item #4 Pricing Issues for Discussion**

- IMO Staff gave a brief presentation on the comparison of Nodal Pricing and the current uniform pricing methodology. The purpose of the presentation was to provide a context for the individual issues arising out of the past comparison between the two pricing regimes.
- Issue 22 – Pricing Physical Constraints – Reviewed the report document. It was suggested the wording in (a) of Why is this a Pricing Issue and paragraph 1 on page 3 be revised. MPWG members were requested to forward comments for the Participant Impact section.

**Action 4.3: IMO staff to make revisions to document and forward to MPWG members for review.**

- Issue 27 – Differences in Inputs Used in the Unconstrained and Constrained Real-Time Sequences – Reviewed the report document. It was requested data be forwarded for members to analyze the average demand difference between actual and forecast. MPWG members were requested to forward comments to be included in the Participant Impact section.

**Action 4.4: IMO Staff to provide data on the average demand differences between actual and forecast.**

- Issue 25 – Temporal Optimization – Reviewed report document. It was suggested the document should contain more information on the first and second run of MIO. Discussion indicated there were two issues addressed in the report and there should be individual report documents for each of the identified issues.

**Action 4.5: IMO staff to draft a report document for each of the identified issues. These will be in reference to “Temporal Optimization in the Constrained Real-time Sequence but not in Unconstrained Real-time Sequence” and “Temporal Optimization Methodology”.**

- Issue 6 – Effects of Emergency Control Actions on Market Clearing Prices - Reviewed report document. Also had a brief discussion on the events of January 15, 2004 in an effort to review the reasons and effects of Emergency Control Actions on market clearing prices. Reviewed Appendix E (Emergency Operating State Control Actions) of Market Manual 7.4. Identified the effects of emergency purchases, operating reserve actions and other emergency control actions as three separate issues to be addressed. Issue 6 will only deal with emergency purchases, issue 13 will address operating reserve actions and a new issue (35) will address other emergency control actions. MPWG members were requested to forward comments to be included in the Participant Impact section.

#### **Item #5: Pricing Issues for Next Meeting**

- Issue 13 – Impact of Out of Market Sources of Reserve on the Market
- Issue 9 – Use of Peak Demand Load Forecast in Pre-dispatch
- Issue 10 – “Over Forecasting”, Especially in HE22 to HE24
- Issue 18 – Pricing and Allocation of Line Losses
- Issue 19 – Node Loss Factors

#### **Item #6: Other Business**

- It was noted MIO went live on June 23, 2004.

- MPWG members were informed a link would be provided on the Market Pricing web page to the presentation Rick Jennings made at the June 23, 2004 MAC meeting.
- MPWG members requested all emails sent to the MPWG email box be forwarded to all other MPWG members unless specifically indicated otherwise within the email.

Action 4.6: IMO staff to provide link on Market Pricing page to Rick Jennings presentation at June 23, 2004 MAC meeting