

Notes from 8th Meeting of the Market Pricing Working Group

Friday September 3, 2004, 08:30 – 12:00

Attendees:

<u>Name</u>	<u>Company</u>	<u>Name</u>	<u>Company</u>
Bell, Brian	Ontario Power Generation	Stein, Victor	Ministry of Energy
Benner, Ryan	Dofasco	Wu, Lawrence	TEAM
Blechta, George	Falconbridge	Yang, Bunli	E4
Brown, David	OEB		
Cary, Rob	Cardinal Power		
Chute, Russel	OEB	Haynes, Daryl	IMO MPWG Team
Cipolla, Jim	Northland Power	He, Andy	IMO
Duzy, Margaret	TransCanada Energy	Rivard, Brian	IMO MPWG Team
Harwood, Shane	Coral Energy Canada	Sergejewich, Peter	IMO MPWG Team
Simpson, Mark	Wescast Industries	Wilbur, Bill	IMO MPWG Team

Item #1: Review of Action Items from August 20 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
- § 5.1 – IMO staff to investigate NYISO use of out of market reserve resources – There was some discussion of ISO-NE's handling of this. Action to be closed and answer to be provided in issue 13 document.
- § 5.4 – IMO staff to find out how NYISO handles line loss factors – Open
- § 7.1 – IMO staff to create new issue regarding current period adjustments such as the July 31/04 adjustment. – Issue 17 created. – Closed
- § 7.2 – IMO staff to create preliminary list or approach to deal with issues that may be less controversial and have less complicated solutions. – To be covered in agenda item #5 - Closed
- § 7.3 – IMO Staff to provide some preliminary estimates of the effort required for some of the possible solutions to the simpler issues. – To be reviewed in agenda Item #5. - Closed

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

- § Issue 13 – A request was made to disclose more information on the recent voltage reduction test completed by the IMO. There was some discussion around loads having the ability to opt out of the voltage reductions if the voltage reduction will cause unacceptable results or equipment damage. IMO staff indicated the results of the voltage reduction were being reviewed and any information that can be released will be forwarded to MPWG members when the review is complete.
- § Issue 24 – Request was made for more historical information to identify the effects of failed imports and exports on market pricing. This information may be provided as part of any further analysis for this issue.
- § Issue 16 – It was suggested that more definitive analysis be completed with regards to LMP.
- § There was a suggestion that several issue documents require more text regarding the materiality of their impact, specifically for issues 5, 11 and 24.

Item #3: Pricing Issues for Discussion

- § Issue 17 – Settlement Adjustment Allocation – Reviewed report document – IMO staff reviewed the July 31, 2004 current period adjustment as much as possible in light of the ongoing MACD investigation. In regards to the IMO’s authority to go back many months or years to make a settlement adjustment it was noted that Chapter 6 of the market rules requires that an adjustment be made in certain situations of meter data problems. There are several normal and regular settlement adjustments that use the current period adjustment method and it was suggested the issue document should include examples of these.
- § Issue 8 – Systemic Arbitrage Opportunities between the Day-Ahead and Real-Time Market – Reviewed the report document – Discussions identified that the MPWG should attempt to identify and discuss as many as many arbitrage opportunities as possible prior to the opening of the DAM. It was suggested that DAM personnel attend the discussion on this topic at a future MPWG meeting. It was also recommended that the consistency between day ahead and real time markets in other ISOs should be looked into.
- § Issue 20 – Treatment of Intertie Transactions in a Congestion Pricing Regime – Reviewed the report document – Discussions identified that the nodal shadow prices for the intertie zones are calculated but not currently published. It was suggested that this issue is one of several that would only require further investigation if a nodal pricing scheme were to be adopted.

Item #4 Continue Issue Prioritization Discussion

- § IMO staff gave a brief presentation on Issue 10. It was suggested that changing the calculation for ramp up hours (HE 5 and HE 6) might have a negative impact on quick start units. More analysis is required prior to changing the calculation in any other hours.
- § Reviewed the potential “quick fixes” as identified at the previous meeting. IMO staff identified some of these “quick fixes” may require significant capital or tool changes to complete the fix. More analysis is required and the issues identified will be grouped in a priority list developed by IMO staff. Regarding issue 33, it was suggested that the energy offer at \$2000 associated with the CAOR might result in the correct price and make a software fix unnecessary.

Action 8.1 – IMO staff to verify energy shortage price result with existing CAOR energy offer and current algorithm.

- § Discussed a priority list proposed by IMO staff. MPWG members reviewed the priority list and the groupings associated with the list. Suggestions were made on the prioritization and the grouping of the issues.

Action 8.2 – IMO staff to revise the priority list and groupings to reflect suggestions made by MPWG members.

Item #5 Other Business

- § An email was received from a MPWG member indicating Friday meetings were difficult for them to attend. This prompted a discussion on holding the MPWG meetings on a different day. It was determined the next meeting will remain on a Friday and the IMO will canvas MPWG members via email to determine if there is any consensus to change future meeting dates. It was suggested that there might be some benefit to scheduling these meetings adjacent to other IMO scheduled meetings such as MOSC.

