

Memorandum

To: Market Pricing Working Group

From: John MacKenzie

Date: 30 May 2008

Re: **Review of Status of Issue #1: Pre-Dispatch Price Uncertainty and Issue #30: Forecast of Real-Time Price**

Attached are the issue papers for Issue #1: Pre-Dispatch Price Uncertainty; and Issue #30: Forecast of Real-Time Price.

Background

These issues were placed 'on hold' pending a decision on the IESO developing and providing a day-ahead forecast of real-time HOEP¹. At its meeting in April 2008, the IESO Board approved the IESO developing and publishing a day-ahead forecast of real-time price on an interim basis. The IESO expects to start publishing the forecast by the end of September 2008. The IESO will continue to provide the day-ahead forecast until the development of a market based mechanism (e.g. day-ahead market or energy forward market) that would provide a day-ahead price.

IESO Recommendations

- 1) Issue 1 to remain on hold pending conclusion of the following developments:
 - a) The day-ahead forecast of real-time HOEP (SE-58), which may provide sufficient meaningful information to market participants to assess operational decisions.
 - b) Resolution of issue #9 Peak vs. Average Pre-Dispatch Demand Forecast, which is expected to drive convergence between pre-dispatch price and real-time price.
- 2) Issue #30 to be closed because the day-ahead forecast of real-time HOEP developed under SE-58 does provide a forecast of real-time price.

Yours truly,

John MacKenzie
Attach.

¹ Issue 1 placed on hold at MPWG meeting 6 Dec 07. Issue 30 placed on hold at MPWG meeting 29 Oct 07. The day-ahead forecast of real-time HOEP initiative is being developed under Stakeholder Engagement Plan SE-58.