

IESO Stakeholder Advisory Committee Meeting Minutes

DATE: Wednesday, August 25, 2010

LOCATION: Toronto Congress Centre

Advisory Committee Members in Attendance:

Mr. John Witjes - Chair (representing Public Sector Consumers)
Mr. Brian Bentz - Past Chair (representing Distributors)
Mr. Bruce Campbell (representing IESO)
Ms. Julie Girvan - Vice-Chair (representing Residential Consumers)
Mr. Richard Horrobin (representing Generators)
Mr. Mark Schembri (representing Commercial Consumers)
Ms. Ersilia Serafini (representing the Environmental Sector)
Mr. Wayne Smith (representing Transmitters)
Mr. Adam White (representing Wholesale Consumer Market Participants)
Mr. Daniel Whyte (representing Generators)
Mr. Gary Wight (representing Marketers/Brokers)
Mr. Todd Wilcox (representing Distributors)
Mr. John Williams (representing Embedded Industrial Consumers)

Absent:

Ms. Adèle Malo (representing Marketers/Brokers)

Presenters:

Mr. Bruce Campbell
Mr. Ken Kozlik
Mr. Terry Young
Mr. Ted Leonard

IESO Board Members in Attendance:

Mr. James D. Hinds – Chair
Mr. Rudy G. Riedl
Ms. Roberta S. Brown
Mr. David Cassivi
Mr. Tim O'Neill
Mr. Howard Shearer
Mr. John Wiersma

Agenda Item #2: Welcome – Mr. John Witjes

Mr. Witjes, Chair of the Stakeholder Advisory Committee, welcomed everyone and called the meeting to order. He acknowledged the IESO Board of Directors, thanking them for their attendance and welcomed the new IESO Board Member, Tim O’Neill.

Mr. Witjes advised that a meeting between the Stakeholder Advisory Committee and the IESO Board took place on June 2 to discuss the IESO’s approach in the development of the 2011 – 2013 Business Plan. The purpose of that meeting was to engage the Committee in a high-level presentation/discussion of the IESO’s approach to development of the 2011-2013 Business Plan.

Materials and written responses from the various sectors can be found at:

http://www.ieso.ca/imoweb/consult/stakeholder_ac_meetings.asp.

Agenda Item #3: IESO Senior Management Update – Mr. Bruce Campbell

Broader Regional Markets Initiative:

The briefing note is available at: http://www.ieso.ca/imoweb/consult/stakeholder_ac_meetings.asp.

Mr. B. Campbell indicated that it is the IESO’s position that the most effective first step in addressing this initiative is to get the phase angle regulators in service on the Ontario-Michigan border. The IESO is working with all parties to push this ahead. Mr. G. Wight emphasized the importance of this for the intertie traders and requested the IESO to continue with that. Mr. G. Wight also noted that the implementation target date had been missed and requested a new completion date. Mr. B. Campbell reiterated that the IESO continues to work with entities across the border including the Michigan regulators, Federal Energy Regulatory Commission (FERC) and Department of Energy to complete the implementation. Mr. Wight indicated his appreciation of the efforts made.

MDM/R / Smart Metering Update

The briefing note is available at: http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20100825-Item%203_MDMR-Update.pdf.

Mr. B. Campbell mentioned that there has been some media coverage around Measurement Canada and smart meters. He clarified that this is not a matter of billing accuracy but rather a question of the information that gets put on the bill.

Ontario Smart Grid Update

The briefing note is available at: http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20100825-Item3_2010_Ontario_Smart_Grid_Update.pdf.

Mr. B. Campbell noted that the IESO website will be updated with information from the most recent meetings.

Demonstration Project to Provide Regulation Service – Status

The briefing note is available at: http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20100825-Item3_Alt_Tech_for_Reg.pdf. In addition to the status report on the demonstration project for demand response providing regulation service, Mr. Campbell noted that the two selected candidates in the Project are currently lining up customers and as that is completed the pilot will run.

Control Action Operating Reserve (COAR) – Status

The briefing note is available at: http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20100825-Item3_CAOR.pdf.

Agenda Item #4: 2011 – 2013 Business Plan – Mr. Terry Young, Mr. Bruce Campbell, Mr. Ken Kozlik and Mr. Ted Leonard

The presentation is available on the web at http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20100825-Item4_2010-IESO-Business-Plan.pdf. Mr. Young thanked the Committee members for their input into the development of this Business Plan which involved input from their respective constituencies as well as interaction with the IESO Senior Management Team and IESO Board of Directors.

Question and Answer Session:

Mr. Witjes was supportive of the additional resources that have been requested in the Business Plan. He asked Mr. Leonard how the IESO arrived at the noted capital investment of \$20 million, how this will address the pressing matters in the control room and what typically this investment has gone to in the past and will go towards. Mr. Leonard indicated that the details of the spending will be included in the IESO's rate application but summarized that they have looked at the business drivers over the next three years which reveal a fair bit of system replacement as well as Enhanced Day Ahead Commitment project also being a large initiative. He also noted that while the IESO has not necessarily spent that amount in the past years, he is seeing a run-up to that amount.

Ms. Serafini mentioned that the overall feedback on the Business Plan from her represented sector was very supportive of the direction. She asked however if the IESO has considered the integration of combined heat and power into the electricity system and whether or not an expansion of the Renewables Integration priority would address that. Mr. B. Campbell noted that this was another technology that is being implemented and that while the Renewables Integration project does not specifically address this technology, it would be complementary to the implementation of that particular technology. He noted that it would likely be implemented more on the level of the local distribution company (LDC) and that the Project will also evolve the IESO's relationship with LDCs as more and more embedded generation will impact system operations.

Mr. Wilcox asked if there were any specific measures the IESO can use to judge how efficient it is as an organization. Mr. Leonard responded that last year's organizational realignment resulted in efficiencies implemented in many areas of the business – particularly resulting in a decrease in staff levels. Mr. B. Campbell also pointed out that Federal Energy Regulatory Commission (FERC) has an initiative underway to develop more consistent information amongst the ISOs for comparative purposes. He also noted that the IESO looks at these organizations to identify any anomalies that should raise questions. In addition, Mr. B. Campbell noted that the IESO Board of Directors consistently monitors improvements and efficiencies in IESO business.

On behalf of his represented sector, Mr. Horrobin and Mr. D. Whyte raised a number of questions relating to the business plan presentation; is there any further detail available for comment; to what extent is the IESO dealing with price signals and intertie issues in the business plan – it does not appear to be addressed; what is meant by “effectively contribute to the development and implementation of government policy” and does the IESO contribute to government policy or actively implement government policy; is more detail available on the market road map including clarification on the IESO's commitment to market-related issues under the market road map, targets associated with the development of that document and the group of stakeholders or its constituencies to be involved; and lastly will LMP be part of the market road map. Mr. B. Campbell addressed the questions on the market road map by stating that the development of the Market Road Map will be a wide-ranging discussion about how the IESO will be operating and what the market should look like. It is not to be a narrow discussion of strictly current market operations. He was not prepared to identify the likely outcome of the document but will begin to look at what is going to work for the Province including how the Province manages relationships and trades with other jurisdictions – what is the right price formulation, what is the right price signal that can help enable things like benefits of smart grid and increased intelligence across the system. The development of the stakeholders and the timing are still being worked out and Mr. Campbell noted that the IESO welcomes any comments in this development. It is his view that discussion will begin this fall.

With respect to the details of the Business Plan, Mr. Young advised it would be included with the IESO submission to the OEB. Mr. Young also addressed their question regarding the IESO's work with government by noting that the IESO currently contributes to both the implementation and development of government policy.

Mr. Horrobin further questioned where the IESO was with respect to dealing with the issue associated with the interties in the Business Plan. Mr. B. Campbell indicated that his earlier update on the Regional Market has outlined the IESO's priorities in that area.

And lastly, Mr. Horrobin enquired how the IESO would be moving forward with plans for surplus baseload generation and are things moving as quickly as they should. Mr. Kozlik indicated that the Simplification Initiative in the Business Plan will involve conversations with market participants to

uncover what information from the IESO would help participants make more informed decisions during these situations. Mr. B. Campbell also noted that the Renewables Integration project will work to develop a reasonable policy in times when choices between different resources have to be made on the system.

Mr. Schembri shared feedback from his represented sector that they are seeing extreme price increases and acknowledged that the IESO understands these pressures. He questioned whether the intended small group of stakeholders for the market road map would discuss the OPA contracts and how they will work into a market pricing mechanism and hopefully start to deal with the global adjustment concerns. He also asked how the IESO differentiates between embedded and non-embedded renewable generation. Lastly, he asked how the IESO has been dealing with educating and engaging consumers. Mr. B. Campbell confirmed that the market road map discussions would certainly address how the market should be function in the future given the heavily contracted nature. He also noted that the IESO sees embedded generation at the boundary of the LDC - the IESO does not direct the operation of what is behind that boundary. Mr. B. Campbell reiterated the importance of the relationship with LDCs in the IESO's Renewables Integration project. Mr. Young stated that the IESO is doing a lot of work with LDCs in terms of consumer education and providing materials and expects to have a fairly significant role in education around the global adjustment changes. Mr. Young also noted that the IESO is currently developing a lot more work in this area particularly in smart meter education. He invited any suggestions for additional areas of focus.

Mr. A. White commented on the importance of data from the IESO and complimented the IESO on the transparency that has developed since market opening. Mr. White suggested three areas to consider publishing data for: Allocated Quantity of Energy Withdrawn (AQEW) for individual LDCs, generator offers, and third party access to the Metering Data Management Repository (MDM/R) data. Mr. Kozlik noted that the IESO is always wary of confidentiality requirements which results in a reliance on releasing aggregated data at certain levels in order to address confidentiality. He also noted that generally the IESO is looking to publish the information we provide to others through individual requests so all participants can benefit from this information. Mr. B. Campbell agreed that the third party access to the MDM/R is important and that the Ontario Energy Board (OEB) will need to drive a process to arrive at the proper protocols for implementing the statutory provisions supporting third party access.

Mr. G. Wight commented that a change management plan should be put in place for the market road map along with guiding principles to ensure results take place. He added that the timeline is not quick enough but is realistic.

Responding to Ms. Girvan's question, Mr. Young confirmed that the government has not been fully engaged in the business plan as of yet.

Mr. Smith commented that some of the assumptions in the plan were consistent with what his sector was seeing and that the Integrated Power System Plan (IPSP) will determine many things going forward. He mentioned his only concern was in terms of the details of the plan and in the area of the simplification.

Mr. D. Whyte congratulated the IESO on running a professional business and holding costs down.

Mr. F. Hassan on behalf of the Power Workers' Union asked if the 8 terawatt hour reduction in 2011 was a result of new embedded generation or a combination with market demand reduction. He added that if embedded generation is significant, then the IESO should assess and consider the possibility of a new fee structure to reflect the new services provided to the new embedded generators and LDCs. Mr. B. Campbell responded that the reduction will be driven both by conservation and the effect of embedded resources.

Mr. Kozlik added that there is an increasing amount of work due to new types of behind-the-fence generation connecting to the system. With regard to the implications of a different structure for the IESO fee, Mr. Leonard stated that it is something that has been considered by the IESO and this, while not an area of change in this year's application, a review of the fee structure with respect to embedded generation is planned for discussion in future years.

Agenda Item #5: Operations Report – Mr. Ken Kozlik

Mr. Kozlik's presentation is available on the web at:

http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20100825-Item5_Operations_Report.pdf.

Mr. A. White asked why the Crisis Management Support Team (CMST) was not brought in when the July 5 events occurred with the Manby breaker. Mr. Kozlik responded that the CMST received a number of updates and that the problem was localized and limited to a few hours, but that decision is being reviewed to help guide CMST actions in future situations. Mr. Schembri added that more information would be valuable as a forecasted outage of more than four hours makes a big difference with expensive actions. Mr. Kozlik mentioned that large retail could benefit by participating in the Emergency Preparedness Task Force or CMST and would be welcomed to do so.

In response to Mr. Horrobin's question on what export flows were anticipated during the tie-line outages, Mr. Kozlik replied the scheduling limits for PA301 and PA302 in New York was zero previously, which is what would be expected this time. He added this is being studied and the limits will be published through routine pre-Transmission Rights auction reports.

Mr. Horrobin asked to what extent has the IESO been accurate in its demand forecasts. Mr. Kozlik answered that both day ahead, three-hour ahead, and one-hour ahead forecasts of demand is good. He added that there are significant error bands around SBG forecast the further in time you go out with SBG being a function of so many more factors than just demand forecasts.

Agenda Item #6: Global Adjustment Update – Mr. Bruce Campbell

Mr. B. Campbell stated that the IESO had no specific information as to when the regulation will be published. He added that the IESO will be helping customers understand the implications of this for their business after the regulation is published.

Agenda Item #7: Other Business

Mr. G. Wight asked when it becomes critical to operations that a decision be made on nuclear. Mr. B. Campbell responded that planning discussion with the OPA will need to occur.

Agenda Item #8: Wrap-up and Adjournment – Mr. John Witjes

Mr. Witjes stated that the next meeting is planned for Tuesday, October 26th at the Metro Toronto Convention Centre downtown. Committee members were invited to join him at the IESO Board meeting on September 10.

He stated that five Committee positions are up for renewal and thanked all participants for attending today's meeting.

The meeting was adjourned.