

Minutes of Meeting
July 18, 2007, 9:00 – 2:00
Clarkson

Attendees

Company	Name
Constellation	Michael Pavo
Coral Energy	Paul Kerr
Direct Energy Market Limited	Gene Lung
DTE Energy Trading	Mark Mueth
Hydro Quebec	Erik Bellavance
Manitoba Hydro	Kelly Hunter
Ontario Power Generation	Brian Bell
Ontario Power Generation	Richard Gell
Powerex Corporation	Paul McCuaig
TransAlta Corporation	Wes Johnson
Via Teleconferencing	
EPCOR	Curtis Jaman
Northpoint Energy	Jason Mehl
Northpoint Energy	Laura Vipond

IESO
Dave Robitaille
Guy Springgay
Darren Finkbeiner
Tabatha Bull
Robert Doyle
Martin Lodyga

Agenda Item #1: Administration

Dave Robitaille welcomed all of the attendees in the room and via teleconferencing and followed up by reviewing the agenda for the Inter-Jurisdictional Trading Standing Committee Meeting.

Agenda Item #2: Approval and Review of May 10, 2007 Draft Minutes

The minutes of May 10, 2007 were reviewed and accepted as written. They will be posted on the web and a notification email will be sent at the time of posting.

Agenda Item #3: IESO Initiative List

The IESO Initiative List is available on the website at

<http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20070404-Seams-Issues.pdf>.

Member Questions Comments and Discussions

Committee members requested that a generic initiative list be made available on the website that shows current actions and ongoing status. This list will form part of the minutes going forward.

Agenda Item #4: Stakeholder Engagements Update

Guy Springgay of the IESO presented a brief presentation reviewing new additions to stakeholder engagements.

- *Stakeholder Engagement #41 – Replacement of Current Digital Certificates to Version 7.0* available at http://www.ieso.ca/imoweb/consult/consult_se41.asp
- *Stakeholder Engagement #43 – Revisions to the Suspension, Termination and Disconnection Process* available at http://www.ieso.ca/imoweb/consult/consult_se43.asp
- *Stakeholder Engagement #44 – Mapping of Reliability Obligations* available at http://www.ieso.ca/imoweb/consult/consult_se44.asp

Tabatha Bull of the IESO provided an update to Stakeholder Engagement #40 – Penalty Loss Factor. Over three weeks in March, telemetered snap shots were taken 3 times per day and penalty factors were calculated for each market participant. Market participants received their penalty loss factors in April. Additional analysis is ongoing to confirm that all numbers are accurate as resources that were not generating/consuming at the time of the snapshot would not have a penalty factor. All penalty loss factors will be implemented and posted on the public FTP site sometime in mid August. Participants will be notified directly if their penalty factor has changed since those distributed in April.

FOLLOW UP NOTE TO MEETING: The penalty factors will be implemented in September to coincide with a prescheduled Network Model Build.

Member Questions Comments and Discussions

Updates were requested for Stakeholder Engagements #21, #37, #38.

Stakeholder Engagement #21 - Day-Ahead Market Evolution

The Day-Ahead Proposal is nearing its completion and will be made available a week prior to its presentation to the Stakeholder Advisory Committee.

Stakeholder Engagement #37 - Operating Reserve Initiatives

A member of the committee asked how SAR/RRS impacts the economic selection of intertie transactions. The IESO responded by saying that energy from SAR/RRS is not reserved on the interties meaning that market transactions take priority. The IESO assesses the ability to receive or give SAR/RRS dynamically and would take part in the program if sufficient room was available.

Stakeholder Engagement #38 – Load Following Standard

Current delivery schedule will be pushed back due to workload, the IESO is awaiting further stakeholder feedback.

Agenda Item #5: Counterintuitive Intertie Failure Charges

Discussions are ongoing regarding criteria used to evaluate intertie failure charges that benefit the market. A concrete criterion is vital in order to avoid any loopholes which will leave room for participants to interpret judgements.

Action: The IESO to develop evaluation criteria.

Agenda Item #6: MISO Day Ahead Transactions

MISO's day ahead process requires all tags to be submitted and approved prior to 11:00am EST. The process of approving tags was manually completed by the IESO but has subsequently been enhanced via automation.

Agenda Item #7: Seams Agreements and Discussion

There has been plenty of progress concerning the quad party agreement between PJM, MISO, NY and ON. The IESO is currently evaluating whether to enter the agreements.

Michigan Phase Shifters Update:

The asset owners are approaching completion on the facilities agreement. Once that is final, the operational agreements will need finalizing.

Agenda Item #8: Operating Reserve Offers from MISO

The IESO allows scheduling of Operating Reserve out of MISO. Current implementation difficulties are within MISO's toolset and restrictions. Transactions with pure OR are not allowed when sourced from MISO. If a purely OR transaction is wheeled through MISO, it will be allowed as it has a zero net ramp effect within MISO's jurisdiction. Operating Reserve sourced from within MISO can only be scheduled as long as it is attached to an energy transaction of at least 1MW (minimum allowable amount).

Member Questions Comments and Discussions

- (1) A market participant asked if there is an auditing process similar to what an internal generator offering operation reserve energy would be obligated to undergo?

The IESO responded that our reliability coordinator has checked out the process and confirmed its deliverability. Once MISO checks out and approves a transaction, they are obligated to deliver that power.

Agenda Item #9: NYISO Transaction Failures (Economic vs. Security)

NYISO Real Time Commitment (RTC) process runs through several iterations during the evaluation of offered transactions. One of those being an unconstrained and the later having constrained parameters implemented to account for limitations such as transmission and ramping. The NYISO has characterized transaction fails during the economic (unconstrained) pass as an economic failure and the IESO applies a failure code. If the transaction failed during the security (constrained) pass, it is communicated as a security failure and the IESO does not apply a failure code.

Failed import and export transactions inflict a consequence on the market, since they alter the direction of pre-planned actions and affect reliability. Failure charges are in place to motivate participants to provide competitive offers into the market. Such charges are effective at lowering the volume of failures, by discouraging traders who do not place a best effort through their offers. Understandably congestion and security failures are exempt as they are outside the control of traders.

It has come to the attention of the IESO that previous failed transactions that were tagged as failed due to security have in fact been uneconomic. Additional scrutiny will be placed on in the future to failed transaction with a security tag.

Member Questions Comments and Discussions

A market participant provided examples of economic transactions that exceeded inertia ramp limits. They were declined due to Desired Net Interchange (DNI) limits but were labelled as economic failures.

The IESO recognizes that such situation can occur, as NYISO and IESO communication are done verbally, and transaction labels are entered afterwards. This can lead to different tags being received by the IESO and traders and can only be rectified on the NY side to ensure uniformity.

Action: The IESO has been requested to provide further details as to the consequences of DNI failures.

Post Meeting Response: Since the July IJTSC meeting, the IESO has had a conference call with the NYISO to discuss an issue the traders voiced at the meeting that they cannot make appropriate decisions to mitigate failures that are caused by the NY DNI. The NYISO agreed that these failures are outside participant control. A decision was reached that these failures remain as “security” failures. The IESO will subsequently tag them as TLRE and they will not be subjected to the IESO failure charge. The following procedure has been agreed to by the IESO and the NYISO when transaction failures occur at the 30 minute checkout.

“The output of the NYISO RTC at the 30 minute checkout will be communicated by the NYISO in the following fashion:

- Transaction failures that are driven by the RTC will be communicated as RTC failures and the IESO will interpret those as economic failures
- Transaction failures that are driven by the RTC but failed as a result of the NYISO DNI will be communicated to the IESO as DNI failures and the IESO will interpret those as security failures.”

The implementation of these changes will need to be coordinated once discussed further with the IJTSC members.

In addition, questions related to the functionality of the NYISO scheduling sequences can be found at: http://www.nyiso.com/public/webdocs/documents/manuals/operations/trans_disp.pdf

Agenda Item #10: Transaction Failures from TransÉnergie

Tabatha Bull of the IESO provided a recent example of transaction failures from TransÉnergie. The transactions in question dealt specifically with imports although a similar case could occur with exports. In May there were numerous transactions scheduled from TransÉnergie which resulted in failures. The reason for the failure was due to the over reservation of transmission across the interties. Although the total transfer capability (TTC) on the TransÉnergie side was set to 70MW, the toolset allowed for two 70MW transaction to be scheduled and sold for the same available transmission capability (ATC). Consequently one of the transactions failed by being undeliverable. TransÉnergie are currently working on repairing the deficiency with their tool.

Agenda Item #11: Additional Business

Brian Bell of OPG requested via a previously submitted email, that the IESO consider publishing further information regarding unconstrained import totals versus real-time totals on existing report. The reasoning behind the request was to communicate the overall impact on pricing. Currently OPG has to predict pricing when using their hydro resources, it would help if access was made available to aggregated values.

IESO Response: Accessibility to unconstrained import totals versus real-time totals can be made available. Access will need to be provided on at the right level of granularity and not on an individual intertie basis.

Action: The IESO will look at what is required in modifying the current outgoing reports in order to add a column for unconstrained import totals on a single aggregate basis.

Michael Pavo of Constellation raised three points via a previously submitted email. The points include price changes arising from erroneous data inputs, treatment of generators synchronized with Hydro Quebec, and Export Limits to Quebec.

- (1) Erroneous Data Inputs occur during manual administrative pricing events where a manual entry is incorrect and follow up was required that resulted in a later price change. It is being requested that the IESO look at issuing a monthly report which states the cause for the manual entry and the process behind the manual input that produced the error. A follow up to this request was for the IESO to evaluate these manual administrative pricing events and consider avoiding them all together through automation of the process that was the root cause of the event. The basis for the request is to eliminate these errors.

IESO Response: Examples of similar events occur when an invalid export value affects overall demand or an outage occurs and the replacement entry is flawed. Recognizing the impact a situation like this can have, the IESO will talk to the group responsible to see whether preventable procedures can be implemented.

- (2) Treatment of generators synchronized to TransEnergie which can also be synchronized into Ontario. A proposal was made to change their current arrangement of operation under IESO control and not required negotiations for export to TransEnergie with intertie owners.
 - (a) shared units that export from Ontario shall be treated as a load and consequently be required to pay all charges associated with loads.
 - (b) shared units that export from Ontario shall forfeit all ancillary service capability and revenue
 - (c) owners of shared units be deemed as transmitter providers in Ontario and be required to meet Ontario's regulations

IESO and Member Comments: The generation units and intertie connection in question are unique as they need to be disconnected from the grid and re-connected to another. This situation is called Segregated Mode of Operation (SMO). The proposed changes to the treatment of these units do not consider the special limitations due to characteristics, and exclude the unavailability for partial scheduling and direct switching considerations.

- (3) Export Limits to TransEnergie discussions included request for IESO to coordinate with TransÉnergie and/or modify Boundary Entity Resources to allow for exports to flow on D4Z, P33C, X2Y, Q4C and B5D. Currently D4Z, P33C, X2Y have zero IESO TTC limits, and Q4C and B5D have nonzero TTC limits but not allowance for export schedule submission. All connection according to TransÉnergie have capability to import energy from Ontario and wheel across their system.

Action: The IESO will look at TransEnergie interties and summarize whether certain ties only allow flow one way, the import and export capabilities and rationale behind scheduling and not scheduling.

Stakeholder Engagement Report for the 2nd Quarter (ending June 30th, 2007) was distributed to participants in the room. The document provides updates to stakeholder activities and committee actions. It can be found at <http://www.ieso.ca/imoweb/pubs/consult/se/stakeholder-report.pdf>.