

**Minutes of Meeting**  
September 26, 2007, 9:00 – 2:00  
Clarkson – Viewing Gallery

## Attendees

Company	Name
Aquilon	George Radan
Aquilon	John Tintor
Bruce Power	Chris Loughren
Powerex Corporation	Paul McCuaig
Via Teleconferencing	
Constellation Energy	Thirumaal Mahalingam
Coral Energy	Paul Kerr
Direct Energy Market Limited	Gene Lung
DTE Energy	Mark Mueth
EPCOR	Jamie Lorenz
Hydro Quebec	Erik Bellavance
Manitoba Hydro	Kelly Hunter
Northpoint Energy	Tina Czarnecki
Morgan Stanley	Jeff Marcello
Ontario Power Generation	Bruce Thomson
TransAlta Corporation	Joanna Luong

IESO
Dave Robitaille
Darren Finkbeiner
Tabatha Bull
Mike Isber
Maia Chase
Martin Lodyga
John MacKenzie (PM)
Jessica Greenberg (PM)

### **Agenda Item #1: Administration**

Dave Robitaille welcomed the group and invited members to introduce themselves.

### **Agenda Item #2: Approval and Review of July 18, 2007 Draft Minutes and Action List**

The minutes of July 18, 2007 were accepted as written, with no comments from members. They will be posted on the web as final and a notification email will be sent at the time of posting.

A newly created action list was presented to the group, the list includes a summary of actions and initiatives coming out of IJTSC meetings. The list will be regularly updated and included after each meeting with the minutes in order to keep track of ongoing progress. Participants were asked to review the list and provide feedback with regards to priority, prior to the next meeting.

**Action MP:** IJTSC members agreed to assign priorities to the action list prior to the next meeting.

### **Agenda Item #3: NYISO Transaction Failures**

Dave Robitaille presented a power point presentation on NYISO transaction failures ([IESO-NYISO Intertie Transaction Failures–Security vs. Economics](#)). The presentation focused on economic failed transactions curtailed due to location marginal pricing (LMP) constraints. Although communicated by NY as security failures in the past, these failures have always been due to economics (with the exception of NY Desired Net Interchange (DNI) failures).

It is the IESO's intent to proceed with this protocol following final discussion.

### **Member Questions, Comments and Discussions**

(1) A question was raised as to how TLR curtailments affect CMSC?

CMSC payments for TLR procedures are made when the TLR flowgate is in Ontario or on an Ontario Interconnection.

(2) A failed import example was presented to the group that was a result of a last minute price increase in NYISO hour-ahead market (HAM) pricing. Due to the last minute price increase, the transaction became uneconomic by a penny (\$0.01) and resulted with an Ontario zonal price increase. Due to the quantity of energy scheduled and the zonal price spike, the small economic failure results in a large failure charge for the trader.

Darren Finkbeiner explained that this protocol is the result of an investigation into the number of security failures in NY. Upon which we learned of the incorrect communication from NY. This is a continuation of the punitive regime developed through stakeholdering for failures that are caused by the inability to economically navigate the market. The IESO recognizes that trading behaviours may change.

(3) The IESO was asked to provide NY communication information for associated failures.

**Action:** Dave Robitaille of the IESO will fulfill the request for information.

(4) A market participant inquired as to the quantity of NY failures involved to better understand the magnitude of the problem and the distance from an acceptable threshold of failures.

FOLLOW UP NOTE TO MEETING: A breakdown of the magnitude of failures on the NY intertie is available in the most recent copy of the Market Surveillance Panel report available at:

[Market Surveillance Panel: Monitoring Report on the IESO-Administered Electricity Markets](#)

(5) Participants expressed concern that current efforts will change behaviours from a best effort approach to a price taker. Further concern was voiced over failure charges based on economic issues in other jurisdictions. The market participant suggested that such charges are not being dispensed in neighbouring jurisdictions, with an uneconomic event in Ontario.

Once again it was recognized that behaviours will change. The IESO reiterated that the process is simply targeting a failure to navigate the economics of the market.

(6) A participant requested clarification on the method used to calculate coefficients in the failure charge formula.

**Action :** IESO will provide the reasoning behind the calculation of coefficients used in failure charges.

FOLLOW UP NOTE TO MEETING:

***Real-time Import Failure Charge***

PB\_IM<sub>ht</sub> Price bias adjustment factor for import transactions (Market Rules Reference [9.3.8C.3](#))

(Details are available at [Market Manual 5.5: Physical Markets Settlement Statements – Appendix D](#))

***Real-time Export Failure Charge***

PB\_EX<sub>ht</sub> Price bias adjustment factor for export transactions (Market Rules Reference [9.3.8C.5](#))

(Details are available at [Market Manual 5.5: Physical Markets Settlement Statements – Appendix D](#))

After a recap of the presentation, discussions ensued regarding participant displeasure. A participant polled members in attendance on whether they supported the change. No participants expressed support for the change.

Darren Finkbeiner acknowledged that any new charge on participants will not be met positively. This approach is consistent with economic failures on all other interfaces and there are no other effective alternatives available that can be used to reduce the amount of import/export failures. The realized benefit of lower transaction failures and resultant market reliability outweighs the consequence of narrowed margins.

#### **Agenda Item #4: Linked Wheel Transactions**

The next agenda item began with two presentations presented by Darren Finkbeiner of the IESO and George Radan of Aquilon. Darren presented the background of linked wheel transactions, and George presented suggested improvements and rationale to the structure of linked wheels that have been submitted for rule amendment.

*Presentation #1* (available at: [Linked Wheel Transactions](#))

*Presentation #2* (available at: [Proposed Amendment to "Linked" Wheel-Through Transactions](#))

#### **Member Questions, Comments and Discussions**

(1) It was noted that although many participants are not utilizing linked wheel transactions, a change that moves away from a significant congestion risk could increase popularity. A participant voiced agreement that the risk associated with linked wheels have discouraged their use of the process.

(2) A question was raised as to the method used to evaluate proposals, in terms of required criteria and the threshold to a cost-benefit analysis.

John Mackenzie of the IESO stated that a cost to benefit analysis would be completed for any items that pass the initial discussion and technical evaluation phase. The criterion that is assessed in the analysis is the added efficiencies to market operation and cost versus benefit that is generated out of the process in question. If IT involvement is significant, then we have to evaluate the payoff for required investments and quantify the material impacts of implementation.

(3) A participant asked on the method available for participant to contact the Stakeholder Advisory Committee (SAC)

Participants who wish to submit issues to SAC, can do so through their SAC representatives.

(4) The next step in the conversation was aimed at prioritizing the three options proposed in the second presentation. From a requirement point of view, option 3 requires the least amount of changes to the existing format. Would it be possible to temporarily implement option 3 for the time being while options 1 and 2 are taken to the technical panel. Could IESO mimic the limits currently in place in NY of +/- \$999.00, or even lower the number.

A meeting with the technical panel will be held in October where the rule amendment submissions submitted by Aquilon/Silverhill will be discussed and the next steps of the process will be determined.

Darren Finkbeiner responded that temporary alterations to the linked wheel could not occur due to the necessary steps involved. Although a substitution of a set value in place of MMCP sounds like a

reasonable request, a complete assessment needs to be done prior to such actions to ensure IESO reliability is maintained and prevent unintended consequences.

**Action:** The IESO took an action to investigate a move away from +/- MMCP. An alternative will only be provided if it does not pose a reliability risk to the IESO controlled grid.

Agenda item #4 concluded with an agreement that options 1 and 2 would be presented in front of the technical panel, and option 3 would be assessed for an interim fix. Once a change is approved by the technical panel, a stakeholdering plan will be developed in order to address inputs from market participants, IT, vendors, etc.

#### **Agenda Item #5: Stakeholder Engagement Update**

Maia Chase of the IESO presented a brief presentation ([Stakeholder Engagement involving Traders](#)) reviewing updates of new additions to stakeholder engagements.

Tabatha Bull of the IESO provided updated schedules for:

- Implementations of penalty loss factors – October 10<sup>th</sup>
- Publishing of net interchange schedule limits (NISL) – mid-November
- Publishing of intertie shadow prices – mid-November

#### **Agenda Item #6: Financial Binding Status**

No FBS updates are available, we are waiting for notification from IT as to the date when the items related to NY FBS are ready for implementation.

#### **Agenda Item #7: MISO Protocol Update**

Participants were encouraged to review previous presented MISO Protocol presentation.

Since the last MISO protocol update, no further talks have taken place between MISO and the IESO. The IESO is waiting on feedback from Manitoba after the last exchange of questions and answers.

**Action:** An email will be sent out by Dave Robitaille to all IJT members listing the number of failed transaction as a result of a lack of transmission.

## Member Questions, Comments and Discussions

(1) A participant raised the point that if firm transmission is not given priority, transmitters will not have the financial incentive to further invest in an aging intertie.

The IESO responded that the treatment of transactions with firm transmission will not change. All transactions are scheduled as a priority of economics.

### Agenda Item #8: Seams Agreements and Discussion

PJM, MISO, NYISO and IESO have finished analyzing the causes of high circulating flows and are now drafting a second phase of the loop flow study to look at high circulation of flowgates.

Report available at: [Investigating of Loop Flows Across Combined Midwest ISO and PJM Footprint](#)

IESO involvement will be limited to one of an observer, with priority being focused on Michigan intertie phase shifters.

### Agenda Item #9: Additional Business

Segregated Mode of Operation (SMO) tagging requirements.

**Action:** Dave Robitaille will follow up by email with regards to the new tag requirements.

**FOLLOW UP NOTE TO MEETING:** An IMDC-0130 was put in place and is available at: [Interim Market Document Change - Tagging Requirements for Transactions at Chats Falls and St. Lawrence](#)

### Uplift Charges

A participant noted that post September 12<sup>th</sup>, he experienced higher than normal uplift charges. With no way to predicted uplift charges, participant might require a larger buffer in anticipation of higher than expected uplift charges.

**Action:** Analysis will be performed in order to determine whether a driving force exists behind recent uplift charge increase.