

Memorandum

To: Technical Panel

From: John MacKenzie, Market Rules

Date: August 8, 2008

Re: **MR-00338: Economic Dispatch of Linked Wheel Transactions – Design Working Group Draft Terms of Reference**

Attached, for Technical Panel information is a draft terms of reference for a stakeholder-IESO working group that would develop and recommend, to the IESO and the Technical Panel, a design to accomplish economic dispatch of linked wheel transactions. The formation of this working group is the result of Technical Panel discussions on MR-00338 at the Panel meeting on July 8th, 2008.

The IESO intends to have the draft terms of reference discussed at the next meeting of the Inter-Jurisdictional Traders Standing Committee (August 21st, 2008). The IESO would also expect to solicit Working Group members at that meeting and to initiate the Working Group activities.

Yours truly,

John MacKenzie

Economic Dispatch of Linked Wheel Transactions (MR-00338) – Design Working Group



Terms of Reference – DRAFT

1) Introduction

This Terms of Reference was prepared to ensure a mutual understanding of the objectives and processes for the Economic Dispatch of Linked Wheel Transactions (MR-00338) Working Group.

This Terms of Reference is issued in draft form and is to be finalized at the first meeting of the Working Group.

2) Purpose of the Working Group

The Working Group will develop and recommend, to the IESO and the Technical Panel, a design to accomplish economic dispatch of linked wheel transactions.

As a starting point, the Working Group will use the proposed design reviewed by the Technical Panel at its meeting on July 8th, 2008.

3) Deliverables and Timing

- A design, with justification, to accomplish economic dispatch of linked wheel transactions for the IESO-administered markets. Justification will include an assessment of the impact of the recommended design on Ontario market efficiency and power system reliability.
- The recommended design shall be submitted to the IESO and the Technical Panel by the end of October 2008.

4) Composition of the Working Group

In order for Working Group activities to be efficient and timely, the Working Group should have a limited number of members. The IESO proposes the following composition:

- a) A maximum of four stakeholder companies, drawn from the inter-jurisdictional trading community, would be members on the Working Group. The following people have already volunteered for the Working Group:
 - i) Paul Kerr, Shell Energy (Technical Panel member representing wholesalers/retailers; and
 - ii) George Radan, Aquilon (who initiated the request for MR-00338).The remaining stakeholder members will be solicited from the Inter-Jurisdictional Trading Standing Committee.
- b) A maximum of two IESO staff members.

- 5) Organization and Administration of Meetings of the Working Group
- a) A stakeholder member shall be the chair of the Working Group, to be selected by the stakeholder members at the first meeting of the Working Group.
 - b) Stakeholder members will be expected to conduct analysis of the design elements and prepare materials for the meetings.
 - c) IESO staff members on the Working Group will provide advice on the design and provide administrative support to the Working Group. The IESO staff members shall not participate in any Working Group decision making.
 - d) Rules and processes governing Working Group decision making (e.g. consensus, majority vote) shall be determined by the stakeholder members at the first meeting of the Working Group. While it is expected that the Working Group would strive for consensus, there will be opportunity for including minority views in the Working Group recommendation.
 - e) The chair, with the support of the IESO, will be responsible for distributing meeting materials sufficiently in advance of meetings to enable member review of those materials prior to the meeting.
 - f) Working Group meetings are expected to be held either face-to-face or remotely i.e. teleconferencing and/or web casts. The IESO will provide face-to-face meeting facilities as well as teleconferencing and web cast capability.