

Report of the Market Advisory Committee

August 10, 2009

In accordance with Market Rule 3B.3, the Market Advisory Committee (MAC) hereby advises the Board of Directors of the New Brunswick System Operator (NBSO) that during a meeting held June 16, 2009, the MAC voted on an amendment to the Market Rules pertaining to the integration of Non-Dispatchable Variable Generation, which proposed amendment was published in summary on the NBSO website on June 25, 2009.

This proposal is a result of extensive discussions that have taken place over the course of several committee meetings and modification and refinement of concepts that were initially brought to the committee by NBSO in 2008.

With respect to the proposal, a concern was raised about the potential financial impact of implementing the proposed changes under the current dispatch optimization and calculation of Final Hourly Marginal Cost. As a consequence, the Market Advisory Committee recommends modifying certain parts of the proposal pending the necessary changes to the dispatch optimization and calculation of the Final Hourly Marginal Cost.

By a margin of 11 for, 0 against and 1 abstention, the MAC approved the proposal as submitted, subject to the aforementioned temporary modification.

Notwithstanding the complexities associated with defining an appropriate dispatch optimization and calculation of the Final Hourly Marginal Cost, the committee puts forward the following recommendation based on the limited discussion that took place at that meeting.

RECOMMENDATION

On a vote of 11 for, 0 against and 1 abstention, the Market Advisory Committee recommends to the NBSO Board of Directors that the Market Rule changes as submitted by the New Brunswick System Operator at the Market Advisory Committee meeting of June 16, 2009 be adopted, other than the use of the bid price differentials for renewables. Until such time as a settlement calculation based on 5-minute dispatch is implemented, non-renewable Non-Dispatchable Variable Generators will bid at zero and all other generators will be permitted to bid down to zero. The renewable Non-Dispatchable Variable Generator bids will be set to zero from the outset as per the proposed Rule changes.

Blair Kennedy
Chair