

***PROPOSED REVISIONS
TO MARKET RULES***

DRAFT for Discussion Purposes Only



November 18, 2005

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1 *Introduction*

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3 This document describes proposed Market Rule changes for discussion. The draft
4 plan for implementing these changes (with relevant market rules in parentheses) is
5 as follows:
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7 **Initiation**

8 NBSO Submits Proposal to MAC (3B.2.1) Nov 25, 2005
9 NBSO Publishes Notice¹ (3B.2.1) Nov 25, 2005

10
11 **Review by MAC**

12 Vote by MAC (3B.3.2) Dec 7, 2005
13 MAC Report to NBSO (3B.3.2) Dec 7, 2005
14 NBSO Publishes MAC Recommendations (3B.3.3) Dec 9, 2005

15
16 **Review and Decision by NBSO Board of Directors**

17 Final Review and Vote by NBSO Board (3B.4.1) Dec 14, 2005
18 NBSO Publishes Amendment (3B.4.3) Dec 16, 2005²
19 (Elapsed time of at least 30 days required)
20 Target Effective Date³ Feb 1, 2006

¹ And notification of all Market Participants and Transmitters (by email)

² And notification of all Market Participants and Transmitters (by email)

³ The actual implementation date depends on completion of the required systems and process enhancements

Item 01 Intra-Day Changes to Dispatch Data

Impact on Market Rules

This proposal is to add a new section (Section 6.10.5B) to the Market Rules to provide additional flexibility for Market Participants to revise Dispatch Data Within-the-Day.

Description

This revision is proposed to provide an opportunity for dynamic dispatch data revisions to take place within the day. Currently such revisions can only be made for the next Business Day. Under the proposed rule change any market participant submitting dispatch data would be able to make revisions to its price and quantity values in the dynamic dispatch data for the upcoming four hour window.

Reasoning

There are two main drivers for the proposed rule change.

(i) Potential bidders for the supply of redispatch energy from resources that have not been committed to supply load in the market have indicated a reluctance to submit bids given that these are made firm Day-Ahead with limited indication as to whether the bids are likely to clear in the market. The marketers have access to realtime markets such as New England, New York, and Ontario. There is some reluctance on the part of marketers to commit day-ahead to a market in New Brunswick and therefore forego an opportunity to bid into other markets within-the-day.

(ii) The current bidder for the supply of redispatch energy (NBP Genco) has indicated a desire to be able to revise dispatch data within the day. One of the reasons is to address situations where actual hydro flows are less than what was anticipated Day-Ahead. This is more likely to occur on weekends where the Dispatch Data needs to be submitted up to five days in advance (e.g. 4 day Easter weekend).

References

- Market Rule Sections 6.10.5A

Revised Wording

The proposal is for the addition of the following new section to the Market Rules:

6.10.5B A Market Participant for a Generation Facility may at any time submit to the SO revisions to its Dispatch Data for the next four hours commencing more than 2 hours after the submission of such dispatch data. The SO shall approve a change or changes in quantity or price unless the SO determines that such a change would threaten the Reliability of the SO controlled grid or result in a change in the commitment of more than two Generation Facilities.

Impact on Market Rules

This proposal is to make the necessary revisions to the Market Rules to allow demand side bids for energy redispatch.

Description

This revision is proposed to allow demand side bids for energy redispatch. The current market rules allow supply side bids for energy redispatch, but do not provide for such bids from loads. Some loads are dispatchable and those customers have the potential to provide prices at which they would be directed to modify their load from what it would otherwise be and to be compensated accordingly by the system operator. In order to increase the opportunity for participation the proposed rule allows the Market Participant with respect to dispatchability to be different than the Market Participant for the Load Facility for all other purposes.

Reasoning

This proposal is expected to (i) increase the competitiveness of the provision of redispatch energy, and (ii) provide a new opportunity for loads that are willing and able to be innovative in their operations to extract a fair market value for that redispatchability.

References

- Market Rule Section 2.6.3.

Revised Wording

2.6.3C The SO may, at the request of the applicable Market Participant, register the dispatchability of a Load Facility as a Dispatchable Load provided that the following conditions are met:

- a) the Market Participant satisfies the requirements of section 2.6.3;

- b) the Market Participant and the Load Facilities satisfy the requirements of section 4.1;
- c) the SO is satisfied that the Market Participant and the Load Facility will satisfy all applicable requirements of Chapters 5 and 6;
- d) the Market Participant for that Load Facility for all purposes other than dispatchability, if different than the Market Participant with respect to the dispatchability of a Load Facility, has provided written consent to the registration of the dispatchability of some portion or all of its load.

2.6.3D Except as otherwise provided in the Market Rules:

- a) a Dispatchable Load shall comply in all respects with all of the obligations imposed under the Market Rules on Generation Facilities;
- b) the Market Participant for a Dispatchable Load shall ensure that the Dispatchable Load complies in all respects with the obligations imposed under the Market Rules on Generation Facilities;
- c) the SO shall treat a Market Participant for a Dispatchable Load as a Market Participant for a Generation Facility; and
- d) the SO shall treat the Dispatchable Load as a Generation Facility under the Market Rules.

Chapter 10 Definitions

Dispatchable Load: The portion of Demand at a Load Facility for which a Market Participant may submit Dispatch Data providing a price to the SO for reductions in demand.

Impact on Market Rules

This proposal is to add wording stating that an indication of the FHMC values for each Business Day will be posted on the NBSO website by 10:00am Atlantic Prevailing Time of the next Business Day.

Description

This revision is proposed to make information available on a next day basis to give Market Participants an indication of the FHMC for each hour of the previous Business Day. The current plan is to show a bar graph indicating the range into which the FHMC falls in each hour.

Reasoning

Potential suppliers to the NB market (including suppliers of redispatch energy) have noted that not having timely information about the FHMC is a deterrent to participation in the NB market. Potential suppliers are unaware of the actual FHMC until settlement is performed at the end of the month. The current market rules on Settlement call for the publication of the hourly FHMC values for the settlement period to be published within 7 Business Days of the end of the month (See Market Rules Sections 7.15.1n and 7.15.2). Potential Market participants are thus exposed to up to a month's worth of transactions without knowing the FHMC values. With FHMC as a key input in the calculation of the energy variance charges that may occur in conjunction with a transaction in the market, market participants are hesitant to participate in the market without more information about the FHMC on a more timely basis. Market participants have also noted that without this information they do not have a price signal that would encourage them to bid into this market rather than New England, Ontario, or New York.

References

- Market Rule Sections 6.18 and 7.15.

Revised Wording

The proposal is for the addition of the following new section to the Market Rules:

6.18.3 The SO shall Publish an indication of the estimated FHMC for each hour by 10:00 of the following Business Day.

The following page shows a sample web posting based on the current thinking around how the estimated indication would be shown. Note that the column on the far right would not be available until the end of the month..

FHMC Estimate (\$/MWh)

September 21, 2005

Hour	<0	0-20	20-30	30-40	40-50-	50-60	60-70	70-80	80-90	90-100	100-200	200+	Note Actual FHMC
0-1													75.2
1-2													75.1
2-3													75.1
3-4													75.1
4-5													75.2
5-6													75.2
6-7													75.6
7-8													80.5
8-9													80.5
9-10													80.5
10-11													80.5
11-12													80.5
12-13													80.5
13-14													80.5
14-15													155
15-16													155
16-17													80.5
17-18													80.5
18-19													80.5
19-20													155
20-21													155
21-22													155
22-23													75.7
23-24													75.6

