

**Meeting: #11-01 (No Quorum)
Minutes of Meeting**

Date: February 15, 2011

Time: 10:00 a.m.

Location: NBSO - ECC
Conference Room B

Attendance: Stephen Russell (Acting Chair) Rick McGivney
Edward Howard Stacy Dimou
Jim Coyle Randy MacDonald
Ron Beaulieu George Porter
John Windsor
Rob Murray (Recording Secretary)

Guests: Dan Dionne

No Quorum

A quorum for Meeting #11-01 was not achieved. The Market Rules state that in order to form a quorum a majority of the members (not including alternates) be in attendance. Only 4 of 14 members were present. As a result this is not an official meeting of the Market Advisory Committee and no decisions will be made on behalf of the MAC.

The attendees agreed that it would be useful to proceed with the meeting and take minutes.

1. Minutes of Previous Meeting

The draft minutes of Meeting #10-04, held on December 14, 2010 were reviewed and edits were suggested on item 2(b)(i) "Loss Factor Application Update" and item 2(b)(vii) "New Market Management System".

2. Business Arising from the Minutes

a) Updates

i) Loss Factor Application Update

Rob Murray provided an update on the application to the EUB regarding proposed changes to the Real Power Loss factor. The NBSO will submit its final argument to the EUB on April 1, 2011 which will be followed by Intervenor Briefs on the final argument on April 8 and rebuttal arguments on April 15.

ii) Energy Market Settlement Changes

Based on feedback from previous MAC meetings, Rob Murray presented a proposal that would allocate the Residual Monthly Cost (RMC) account on a pro rata share based on the sum of energy schedules plus load imbalance. The RMC is currently allocated on a pro rata share of equivalent non-coincident peak.

With some minor adjustments to the proposal, NBSO will be issuing a formal Notice of Market Rule Amendment on this subject. NBSO will check to ensure that curtailed schedules are used in the allocation and that negative numbers are properly treated.

iii) NBP Distribution proposal for revised co-generator treatment

Rob Murray and Stephen Russell provided the group with background on the request to modify the definition of Joint Facilities (JF). The proposal is to allow Joint Facilities to be net injectors for more than a single month and not be required to register as a Generator.

It was generally recognized that there is merit in relaxing the joint facility definition to accommodate increased levels of net injections but that there is also a need to tighten the definition to ensure that joint facilities are not unduly favoured or that operational needs are inadequately addressed.

There was discussion on scheduling requirements, real time monitoring needs, communications requirements with the NBSO with respect to notification of output changes or outages. Ron Beaulieu noted that for existing Joint Facilities (co-generators) the NBSO is unlikely to see any significant net impact on the grid as a result of a load drop since the on site generation will drop at the same time. It was noted that the definition of self-generator as contained in the OATT may be useful. One approach was discussed whereby the definition is based on restricting net monthly injections to x% of the total consumption rather using the duration of the net injection in the definition.

iv) Transmission Planning Proposal - Rule & Procedure Change

George Porter indicated and Randy MacDonald agreed that discussions are still underway between NBSO and NB Power Transmission and that progress is being made.

v) Tariff Changes and Related Market Rule Changes

George Porter noted that there will be a requirement for Market Rule Amendments if the outcome of the OATT application with the EUB is positive. The amendments include movement of the connection and network service agreement from the OATT to the Market Rules, and the removal of sections of the Market Rules related to billing and payments that already exist in the OATT.

vi) WPS Canada Transmission Tariff

Ed Howard indicated that discussions on possible options are still underway between NBSO and WPS.

vii) MAC's interaction with the NBSO Board

George Porter reported that the NBSO Board is open to interactions with the MAC and would entertain any format proposed by the MAC.

b) Optimization with 5-minute resolution

George explained the solution being developed to address the dispatch instruction issue resulting from the move to 5 minute interval input data. George noted that the solution constrains the dispatch instruction to be linear within a 20 minute time frame and also allows for a period of time before switching dispatch directions. It was also noted that there are changes to Market Participant behaviour, such as revised scheduling and bidding strategies that could alleviate some of the issues with problematic generator movements.

George also discussed the notion of setting system wide limits on tie schedules to avoid large hour to hour changes. This approach is used in New England and will be considered for New Brunswick but will not hold up implementation of a smoothing function.

Rick McGivney highlighted the importance of addressing the current issues with problematic dispatch instructions. Randy suggested that perhaps the 5 minute dispatch could be turned off when the Maritimes are islanded in recognition of the increased vulnerability of the system in that state.

Building and testing of the smoothing solution continues to be a work in progress.

c) Contracted Capacity Outside of NBSO Control Area

As the initiator of this item, Rick McGivney (NB Power Generation) requested its removal from the agenda.

d) New Market Management System

George Porter updated the group on the progress being made towards the replacement of the existing optimization tool with a new Market Management System (MMS).

NBSO issued a "request for interest" to potential vendors and are currently scheduling demonstrations.

George explained to the group that the primary driver for replacement of the existing system is due to the fact that it is 27 years old and support is limited. The added benefits of a new system include increased flexibility, redispatch savings and reliability improvements.

George noted that MAC engagement on this project will focus on system specifications, roll out schedules and any Market Participant training.

Stephen Russell explained that he would appreciate receiving details about the project in order to promote and gain support for it. Information like why the project is being proposed at this time and what the potential costs and benefits are for market participants would be very helpful.

John Windsor expressed an interest in seeing a schedule showing some of the key project milestones.

It was noted by some that there would be advantages to discussing the merits of the system procurement at the MAC prior to NBSO seeking approval from the EUB.

NBSO volunteered to provide the information on the MMS system that was included in their recent revenue application to the EUB.

3. New Business

a) Reactive Supply and Voltage Control Procurement Policy

NBSO provided a discussion paper to seek feedback from the MAC on options for the procurement of Schedule 2 services in the OATT, "Reactive Supply and Voltage Control". NBSO plans to develop a formal policy by the fall of 2011 to be taken into account in the calculation of the Schedule 2 Revenue Requirement Application for 2012/13.

The paper provides a background on current practices as well as a table explaining how the issue is treated in other jurisdictions. NBSO currently procures the service from three facility specific contracts with NB Power Generation. George described the possible options described in the paper.

John Windsor favoured a market approach as opposed to a requirement to provide the service as a connection standard. Stacy Dimou volunteered to provide information on how generators qualify to provide the service in New England.

It was suggested that Mactaquac incurs station service costs when in synchronous condense mode, but does not receive compensation.

b) NBSO Assurance Plan

George Porter provided background on a requirement that the Market Rules be audited every five years. The audit cycle is approaching and NBSO is seeking input from the MAC on both the type and focus of the audit.

George explained the various types of audits and their associated costs. There was some discussion on the ability for Market Participants to initiate audits.

c) Wind Power Production Forecasting Service Demonstration

NBSO did not provide a demonstration at this meeting but there was a discussion on wind.

Attendees expressed an interest in receiving data on the wind forecast results. Stephen Russell noted that they are seeing higher levels of wind generator imbalance since the implementation of the forecast system. Rob Murray stated that the NBSO investigated the cause and it appears that the forecast system was not receiving unit outage information.

d) Interruptible Load Contract

Stephen Russell (NB Power Distribution) provided a background document identifying a need to amend the pro-forma Interruptible Load Contract in the Market Rules as well as suggestions for amendments. They have identified certain sections in the contract that, they as the Market Participant for the interruptible facility, are unable to comply with, as they do not have certain rights in their contract with the interruptible facility.

Attendees of the meeting were in agreement to pursue a possible change in the Market Rules. NBSO will confirm its treatment of the interruptible load in meeting the Capacity Obligations of Disco.

4. Standing Agenda Items

a) NBSO Updates

- none

b) MAC Member Updates

- Stacy Dimou noted that there are discussions ongoing in New England associated with potential gaming of demand response resources.
- Stephen Russell informed the group that the Lamèque wind farm is expected to be operational by the end of March 2011.

c) Wind Integration

- NBSO noted that it is updating its 2007 report on wind integration and that a review of schedule changes on the interfaces may be undertaken. It was mentioned that the NYISO and ISONE are testing methods of changing schedules on their interface but that it is primarily driven by increasing the economic flow of electricity (low price to high price)

d) Transmission Developments

- None

e) Operation of the Market

- NBSO met with Hydro Quebec after the last MAC meeting and agreed to provide a better explanation of curtailments that indicate whether the curtailment was caused by a physical, market, or neighboring jurisdiction constraint.
- HQ would like NBSO to post and adjust Total Transfer Capability on a real time basis and better coordinate outages with neighboring jurisdictions.

5. Date of Next Meetings

April 19, 2011
June 21, 2011
August 16, 2011

Meeting Adjourned

Respectfully Submitted,

Stephen Russell
Acting Chairperson

Rob Murray
Recording Secretary