

Meeting: #05-03

Minutes of Meeting

Date: Monday June 20, 2005

Time: 10:00 am

Location: St. Andrews, NB

Attendance: Jessie Davies (Chair)
Ron Beaulieu
Blair Kennedy
Don Jessome
Stacy Dimou (Vice Chair)
Arden Trenholm
Kirby O'Donnell (Alternate)
Ed Howard
Ron LeBlanc (Alternate)
Andrew Booker
Brian Scott
George Porter
Eric Marr (at 11 :00 a.m.)
Kevin Roherty (NBSO Support)

1. Minutes of Previous Meeting

The minutes of the meeting held May 16, 2005 were reviewed.

On motion duly moved and seconded, the minutes of the meeting of May 16, 2005 were approved as submitted.

2. Business Arising from Previous Minutes

a) Tariff Decision

i) Energy Imbalance

The PUB's response dated June 16, 2005 to the chair's letter of June 8, 2005 respecting energy imbalance was reviewed. It was noted that the PUB's response includes an indication of the evidence the Regulator would be looking for should the NBSO make an application to deal with this matter. George Porter reported that the NBSO Board of Directors has reviewed the PUB's response and is supportive of a new application. The Board is expected to formally approve such an application at its July meeting.

It was noted as well that at some point in the application/hearing process, MAC support for the change respecting energy imbalance will need to be formalized and documented. Additional support may also be sought from individual market participants and prospective market participants including wind generators and CHP developers.

A number of questions were raised by MAC members regarding the evidence suggested by the PUB. George Porter to contact the Board to seek clarification.

ii) Ancillary Services

George Porter recently advised the committee that the PUB has agreed with the NBSO's proposal that the requirement respecting an RFP for ancillary services be deferred for a year, such that the RFP will be issued in time for the winter period of 2006/07.

b) Proposed Amendments to Market Rules

i) Proposals

A document describing the proposed amendments had been distributed earlier. George Porter led a review of this document noting at the outset that two potential amendments discussed at earlier meetings will not be moving forward at this time, namely: i) a specific requirement that all transmission customers also be accredited market participants, and ii) a provision respecting de-ratings related to environmental limits.

At this point of the meeting (approximately 11:00 a.m.), further discussion of this agenda item was deferred and the Committee received a presentation from two senior officials from the provincial department of Energy, Messrs. Darwin Curtis and Rob Murray, regarding the

government's Renewable Portfolio Standard. This presentation generated a great deal of discussion and interest.

Following the presentation and the resulting discussion, Messrs. Curtis and Murray left the meeting. George Porter then resumed his review of the following proposed Market Rule amendments.

- 1) Increase the maximum permitted duration of energy schedules from 5 days to one month: the Committee supports this change, although wording respecting the duration of a "month", i.e. 32 vs. 33 days, vs. "last business day" requires clarification.
- 2) Revision to procedure respecting curtailment of over-committed generator: the Committee supports this change.
- 3) Minor clarifications and corrections: the Committee indicated support.
- 4) Revision to allocate congestion costs on coincident loads rather than non-coincident loads: the Committee supports this change, but requested the record reflect that this change is not intended to have any impact on Ancillary Services.
- 5) Deletion of references to "Interim" and "Deferred" rules, now that the "tariff review date" and "systems implementation date" have occurred: Committee supports these deletions.
- 6) Change minimum age for MAC membership from 18 to 19: Committee supports this change.
- 7) Revise due date for payments to the NBSO when the 20th day of the month is not a Business Day: the Committee supports this change.

On motion duly moved and seconded, the Committee unanimously approved the proposed amendments to the Market Rules as presented.

ii) Weekend Schedules

Kirby O'Donnell led a discussion regarding the changing of P/Q pairs on the weekends, in the event NB Power Generation institutes a 24-hour desk. George Porter noted that much of the work at the NBSO in respect to such changes is done by day staff, who work on a Monday to Friday basis. Providing this same service on the weekend would require additional staff and this is not being contemplated by the NBSO at this time.

It was agreed that Genco and NBSO management would continue to review costs and benefits related to this matter.

iii) Automatic Movement of Genco Commitments

The key point respecting this matter is concern from the NBSO that it cannot take on the role of a marketer in terms of decision making.

It was suggested that Generation Marketing could provide the NBSO with specific curtailment instructions for the situation in which a generator is over-committed.

The interaction between this issue and the proposed Market Rule change item #2 was discussed. Generation Marketing agreed to consider the extent to which that Market Rule change would mitigate their concerns. Under the proposed Market Rule change the marketer could request that the curtailments be prioritized rather than simply pro rated.

iv) 11:00 a.m. Deadline for Submission of Final Schedules to NBSO

Kirby O'Donnell reviewed this issue, indicating that Genco doesn't have the staff to meet this deadline. It was noted that in New England, the deadline is noon, Eastern time, but that this may be changing.

George Porter advised that moving the deadline to the afternoon would not allow time for the NBSO to complete a proper assessment. George noted as well that the Tariff stipulates 11:00 a.m. as the deadline, so any change would require PUB approval.

c) Audits

George Porter brought the Committee up to date on the status of the NBSO's internal and external audit processes, and reviewed as well the recent meeting held with NBSO staff, NBSO auditors and the PUB regarding the systems audit required by the Market Rules. All parties are working co-operatively to ensure that the auditing requirements of the Electricity Act, the PUB and the Market Rules are met in the most efficient manner possible. It was noted that a revision to the Market Rules may be required with respect to the phasing in of the audit process.

3. Standard Agenda Items

a) Market Activity and Monitoring

The Chair spoke to the need for the Committee to monitor activity in the market to identify any reliability or affordability "red flags". It was noted that one of the reasons there has been no interest thus far in leaving Standard Service may be that there has been no determination as yet as to exit fees.

b) Energy Limited Resources and FMHC

There was nothing new to report on these standing agenda items.

4. Treatment of Losses in New Brunswick

Don Jessome noted that under the previous tariff, transmission customers could purchase transmission losses in New Brunswick from the SO, but that under the current tariff, this is no longer possible. He asks that this be considered when we next apply for changes to the Tariff.

Arden Trenholm noted that losses could be purchased from Genco at the FMHC rate. Don Jessome suggested that customers should be given a choice.

This matter will require further discussion at the appropriate time.

5. Other Business

a) Dispatch Instructions

Arden Trenholm reminded the meeting that the issue he raised at an earlier meeting – the requirement for non-dispatchable generators to acknowledge dispatch instructions – was still outstanding. George Porter to review.

b) In response to questions raised, it was noted that:

as load increases, the NBSO will evaluate the need for additional transmission capacity and take steps to have it put in place; and

NB Power Transmission Corporation has the responsibility to install new transmission capacity in a timely fashion.

6. Date of Next Meeting

The next meeting will be held on Monday, August 15, at 10:00 a.m., in St. Andrews, New Brunswick.

Meeting Adjourned

Respectfully Submitted,

(Original Signed By)

Jessie L. Davies
Chairperson

(Original Signed By)

Kevin C. Roherty
Secretary and General Counsel