

Meeting: #06-02

Minutes of Meeting

Date: April 24, 2006

Time: 10:00 a.m.

Location: Energy Control Center

Attendance: Jessie Davies (*Chair*)
Stacy Dimou
Brian Scott
Eric Marr
Kirby O'Donnell (*Alternate*)
Ron Beaulieu
Don Jessome
Andrew Booker
Blair Kennedy
Ed Howard
George Porter
Kevin Roherty

Regrets : Andrew Secord

Guest : Bill Marshall
Ross Stairs

1. Review of Agenda

It was agreed to add “Regional Reserve Sharing” and “Losses” to Agenda Item 4(a).

2. Minutes of Previous Meeting

The minutes of the meeting of January 30, 2006 were reviewed.

On motion duly moved and seconded, the minutes of the meeting of January 30, 2006 were approved as submitted.

3. Business Arising from Previous Minutes

a) Energy Imbalance Application Update

The Secretary noted that, as all committee members are aware, the NBSO's application to change the Tariff in respect to the pricing for Energy Imbalance service was approved by the PUB and took effect March 1, 2006.

b) Exit Fees

The Secretary noted that the Chair had received a response from the PUB advising that the Board had no jurisdiction to allow the MAC to make an application for a determination of exit fees. Submissions were made to the Board during the Disco rate case, however, and the Board is expected to include a ruling on a process respecting exit fees in the Disco decision.

c) Maritimes Wind Study

George Porter reprised the presentation he made recently on this topic at a Renewable Energy Services conference in Halifax. A great deal of discussion took place respecting the timing of schedule changes and the possibility of 15 minute schedules with adjacent systems. The current requirement for ISO-New England is 2 hours ahead and hourly schedules. Any move to dynamic scheduling would require resolution of complex technical seams issues. Other issues raised included payment for imbalances, who should bear the risk of future rule changes, and the inclusion of the value of greenhouse gas reduction in any economic analysis.

George indicated that the objective is to have the studies completed by this Fall and he will bring forward an analysis of rule changes which may be necessary to the next meeting.

In a related matter, Ed Howard raised the matter of Energy Imbalance between Regions. He indicated that there is a philosophical issue as to who should pay the cost of energy imbalance – the load or the generator. Following a great deal of discussion and a review of various scenarios, the consensus was that the answer to the question is that the generator should pay, irrespective of whether it is supplying for export or domestic purposes.

d) MAC Sub-committees

George Porter indicated that a sub-committee should be established to bring forward recommendations respecting Bid Based Demand Response. It was agreed that George would chair a sub-committee which would include Andrew Booker, Blair Kennedy and Ross Stairs. The sub-committee may add additional members as required.

e) MAC Procedure re: Proxies

The Secretary indicated that a proposal to change the existing procedure such that a member's alternate is automatically granted the member's proxy in the member's absence would be submitted to the NBSO Board at its next meeting, scheduled for May 3.

f) Bid Based Demand Response Program

In addition to the establishment of the sub-committee noted in item (d) above, George Porter reported that a draft report from Rob Cary has been received. A report as to what Market Rule changes may be required will be brought to the next meeting.

g) & h) Joint RFP for Ancillary Services/Cap on Self-Supply

George Porter noted that discussion has taken place as to a joint RFP involving the NBSO, NSPI, MECL and NMISA, but that no further action will occur until the PUB makes its ruling as to the cap on self-supply.

As Item #3, Wind Studies in Other Jurisdictions, was not scheduled until 1:15, the Committee moved on to Agenda Item #4.

4. Standing Agenda Items

a) NBSO Activities

i) General Meeting of April 10

The Secretary noted that the General Meeting/Information Session held April 10 in Moncton was very well attended and asked for committee feedback. Feedback was positive and it was noted that there were a great number of Wind Developers represented at the session.

The NBSO intends to hold further sessions a little earlier in the year, likely near the end of February. Future sessions will also target more specific topics.

ii) Independence Update

The Secretary noted that studies as to the costs associated with ending the secondment agreement between the NBSO and Transco and changing the IT infrastructure indicate that full scale changes are not presently cost effective. The NBSO continues to take steps which are cost-effective, such as moving from SAP to desk top financial and accounting systems, and bringing Regulatory Affairs support totally in-house.

Consensus of the Committee is that while the independence of the NBSO is critical, any change as to how the NBSO obtains the services necessary to meet its obligations should only be undertaken if cost-effective.

iii) New Participants

The Secretary noted that interest in becoming a Market Participant is increasing and that both Nova Scotia and MECL are registering their respective fleets as external dispatchable resources.

iv) Regional Reserve Sharing

Ross Stairs advised the committee that a 50 MW reserve sharing arrangement took effect on March 1. It has been determined, however, that the entire 50 MW is not available 100% of the time as had been anticipated.

As a result, effective May 1, the 50 MW will be allocated among participants within the day, on an hour-by-hour basis, rather than monthly.

v) Losses

Ross Stairs advised the Committee that the data respecting system losses which has been gathered since October 2004 indicates that the current factor of 3.3% is too high. As a result, the NBSO intends to publish and apply a lower factor, effective May 1. Ross also indicated that the process respecting the determination of the loss factor will be to review the monthly average system losses over the calendar year and implement any resulting change effective April 1 of the following year.

Discussion followed as to the review process, the magnitude of the change, and the impact of the change on the posted tariff.

On motion duly moved and seconded, the Committee approved the process proposed by the NBSO for the determination of the Loss Factor based on a review of the monthly average system losses over each calendar year, with any resulting change taking effect on April 1 of the following year.

b) Energy Limited Resources

Nothing new to report.

5. Other Business

a) Committee Membership

The Secretary reported that the Vice-President of NB Power Generation Corporation (Genco) has nominated Kirby O'Donnell to replace Arden Trenholm

as Genco's representation on the Committee. This nomination will be brought to the NBSO Board for approval at its next meeting.

It was noted that the matter of having wind developers represented on the MAC had been raised at the meeting in Moncton. Discussion followed as to alternatives to obtain input from wind developers.

On motion duly moved and seconded, the Committee approved the expansion of Committee membership to include representation from a sector comprised of alternate energy source developers

The Secretary will follow-up as to the process for adding a new sector representative. In the meantime, G. Porter to invite a representative from Canadian Wind Energy Association (CANWEA) to attend MAC meetings as a guest, pending resolution of the membership question.

The Chair also asked that all members who have not nominated an Alternate please do so.

b) Provision of Reserve by Loads

George Porter advised that this topic continues to be explored, along with any required Market Rule changes. There are issues related to metering and the possible need for more than one Market Participant for a facility.

George spoke to the issue of partial service and the "one Market Participant per facility" issue raised at the meeting in Moncton. NBSO is looking at a possible Market Rule change to recognize "virtual" delivery points in situations of partial standard service. Blair Kennedy indicated that Disco's view would be that any standard service customer that wanted to take partial service would need to become its own Market Participant.

The meeting then returned to Agenda Item #3.

3. Wind Studies – Other Jurisdictions

Marion Hill of Helimax Energy joined the meeting by telephone. Ms. Hill reviewed the situation on a province by province basis as to how wind development is being dealt with and responded to several questions.

The meeting then returned to Agenda Item #5.

5. c) Resource Adequacy

Ed Howard initiated a discussion on resource adequacy and asked if Interconnection benefits can be counted toward a parties' 18-month capacity obligation.

The meeting was advised that when the NBSO assess the loads obligation going into a capability period Interconnection benefits can be counted provided contracts are in place and the contracted capacity has been removed from the load/resource balance of the other jurisdiction *and* provided there is reasonable assurance that a path for delivery will be available.

6. Date of Next Meeting

The next meeting is scheduled for Monday, May 29th commencing at 10:00 a.m., in St. Andrews, New Brunswick.

Meeting Adjourned

Respectfully Submitted,

(Original Signed By)

(Original Signed By)

Jessie L. Davies
Chairperson

Kevin C. Roherty
Secretary and General Counsel