

Meeting: #06-03

Minutes of Meeting

Date: June 02, 2006

Time: 10:00 a.m.

Location: Energy Control Center

Attendance: Jessie Davies (*Chair*)
Ron Beaulieu
Jacques St. Pierre
Ed Howard
Brian Scott
Andrew Booker
Don Jessome (*via telephone*)
Blair Kennedy
Andrew Secord
Kirby O'Donnell
George Porter
Kevin Roherty

Regrets : Eric Marr
Stacy Dimou

Guest : Bill Marshall - NBSO
Ross Stairs - NBSO
Alan Cyr - NSPI

1. Minutes of Previous Meeting

The minutes of the meeting of April 24, 2006 were reviewed.

On motion duly moved and seconded, the minutes of the meeting of April 24, 2006 were approved as presented.

2. Business Arising from Previous Minutes

a) Expansion of Committee Membership

The Secretary reported that he had reviewed the requirements for adding a representative of alternate energy source developers to the committee. An

amendment to the Market Rules would be required, as well as an amendment to NBSO By-law #1. Amending the By-law would require notice to the Minister of Energy and the Secretary reported he had contacted the Department of Energy as to the process involved. The Secretary will follow-up.

The Secretary reported as well that the Chair had received a request from NSPI for representation on the Committee. Alan Cyr of NSPI addressed the meeting further on this point, noting that he had received detailed information from the Secretary as to the process involved and potential alternatives. It was suggested during the discussion that external interconnected parties might also wish to be represented on the Committee.

In the end, it was determined that all interested parties are now aware of the process for expanding committee memberships and will review their respective options.

b) Appointment of New Member

The Secretary reported that the NBSO Board of Directors, at a meeting held May 25, 2006, appointed Kirby O'Donnell to fulfill the remainder of Arden Trenholm's term as the representation of NB Power Generation on the Committee.

c) Appointment of Alternates

- i) Kirby O'Donnell nominated Rick McGivney to be his alternate on the committee.

On motion duly moved and seconded, the Committee approved the appointment of Rick McGivney as Kirby O'Donnell's alternate.

- ii) The Secretary reported that Stacy Dimou had submitted Rainer Malcharek's name as his alternate.

On motion duly moved and seconded, the Committee approved the appointment of Rainer Malcharek as Stacy Dimou's alternate.

d) MAC Procedure re: Proxies

The Secretary reported that the Board of Directors of the NBSO, at a meeting held May 25, 2006, approved a revised MAC procedure whereby duly appointed alternates will automatically have a member's proxy in the member's absence.

e) Maritime Wind Activities – deferred to later on the agenda.

f) Bid Based Demand Response

George Porter reviewed a document distributed earlier on this topic. It was also noted that a Bid-Based Demand Response Workgroup had been formed and held two conference calls. At least four MAC members participating, while other members are various representatives of large industrial customers. George noted that the consultant's report describes the concept and highlights the Market Rules which may need to be amended. A brief discussion took place concerning the potential for market abuse and licensing issues.

This matter continues to be a work in progress.

g) Ancillaries from Load Customers

George Porter led a discussion about the possibility of load customers to provide capacity-based ancillary services directly to the NBSO, indicating that the NBSO is seeking approval in principle to revise the Market Rules accordingly.

On motion duly moved and seconded, the Committee approved in principle the revision of the Market Rules to permit load customers to provide capacity-based ancillary services directly to the NBSO while remaining on standard service.

The above motion was approved by a vote of 8 to 1.

h) Change in Loss Factor

The Secretary noted that the change in the loss factor applicable to transmission reservations from 3.3% to 2.5% was put into effect on May 1.

i) Exit Fees

The Secretary noted that there is nothing new to report respecting exit fees as we continue to await further word from the Public Utilities Board.

3. New Business

a) Schedule Rounding Amount Treatment

George Porter reviewed the historic treatment of the Schedule Rounding Amount (SRA), noting that due to system issues, SRA had not been calculated in strict accordance with the Market Rules. George indicated that system issues have now been resolved and advised that the NBSO was going to begin calculating and charging SRA as per Market Rules, retroactive to April 1, 2006.

A great deal of discussion took place respecting the retroactive aspect of the NBSO's intentions. The result of this discussion is that it was the consensus of the Committee (G. Porter abstaining) that the NBSO should reconsider its position and only implement this change effective July 1, 2006.

b) Market to Market Clearing

George Porter led a brief discussion as to the potential advantages of a market-to-market clearing between New Brunswick and ISO-NE. The discussion included questions as to different timing rules. This topic will be brought back to the Committee at the appropriate time.

c) Sustained Criteria for Generation Adequacy Assessment

George Porter indicated that the NBSO is working on developing new criteria to take into account energy limited resources in assessing generation adequacy. At the appropriate time, the NBSO will bring a proposal to the Committee respecting this new criterion in addition to the current capacity-one, and related amendments to the Market Rules.

d) Committee Members' Initial Terms

The Secretary noted that the terms of those members initially appointed for two years will expire at the end of September, 2006. The Secretary advised that the NBSO will shortly publish a call for nominations on the website.

e) Urgent Rule Amendment

Ross Stairs and George Porter reviewed a proposed Urgent Amendment to the Market Rules which would allow a Market Participant to submit, in certain circumstances, a new Provisional Balanced Schedule up to 1:00 p.m. on the Day Ahead, rather than by the normal deadline of 11:00 a.m. The effect will be to allow level playing field access to external markets. It was noted that this amendment will require changes to Market Procedure -16 as well.

The Committee indicated consensus support for the Urgent Amendment.

f) Energy Imbalance Sanctions

George Porter raised the question as to the appropriate financial sanction to minimize energy imbalances should a competitive balancing energy market not materialize. Under the current FERC NOPR, a proposed new version of a Pro Forma Tariff contains energy imbalance specifics and may offer some guidance. This item will be revisited at the appropriate time should multiple bidders not come forward.

g) Market Procedure - 21

George Porter distributed a document regarding Market Procedure #21 – Connection Assessments, advising that the NBSO intends to draft the procedure to allow for 2 queues in respect to requests for system impact and facilities studies. One queue would be for new projects which would increase transmission usage revenues, with other, perhaps more speculative, projects being in the second queue.

The Committee expressed general agreement with having 2 queues. The procedure will be coming back to the Committee for comment when it is completed.

4. Standing Agenda Items

a) NBSO Activities

The Secretary advised that i) the PUB has not yet issued its decision respecting a cap on the self-supply of ancillary services; and ii) a technical conference respecting the WPS complaint was held on May 26. We are awaiting a decision from the PUB as to whether an oral hearing for final argument will be necessary.

b) Energy Limited Resources

Nothing new to report.

The meeting then returned to Agenda Item 2(e) – Maritime Wind Activities.

2(e) Maritime Wind Activities

George Porter led a review of a document dated May 10, 2006 entitled “NBSO Co-ordinated Maritimes Area Tariff and Market Rules Initiative – Treatment of Wind Generation. George indicated that there is agreement amongst all interested parties to share in the cost of this initiative. A great deal of discussion took place on this topic. Issues raised included whether or not considerations other than cost are being factored in, is a new type of ancillary service required, and whether or not a single balancing area would be beneficial.

George asked that members provide input/comment on the initiatives as described, and it was agreed to add Wind Generation as a standing agenda item.

5. Date of Next Meeting

The next meeting is scheduled for Monday, July 24, tentatively in St. Andrews.

Meeting Adjourned

Respectfully Submitted,

Jessie L. Davies
Chairperson

Kevin C. Roherty
Secretary