

Meeting: #06-04

Minutes of Meeting

Date: July 24, 2006

Time: 10:00 a.m.

Location: Huntsman Marine Science Center
St. Andrews, NB

Attendance: Jessie Davies (*Chair*)
Ron LeBlanc (*Alternate for Don Jessome*)
Jacques Saint Pierre (*Alternate for Ron Beaulieu*)
Ed Howard
Don Jessome
Blair Kennedy
Andrew Secord
Rick McGivney (*Alternate for Kirby O'Donnell*)
Stacy Dimou
Eric Marr
George Porter
Kevin Roherty
Marg Tracy

Regrets : Kirby O'Donnell
Brian Scott
Andrew Booker

Guests: Rob Apold - CANWEA

1. Minutes of Previous Meeting

The minutes of the meeting held June 2, 2006 were reviewed and amended to reflect an interest in having a sector added to the existing Committee membership. This addition would represent external interconnected parties including, Nova Scotia Power Inc., Hydro-Québec, Northern Maine Independent System Administrator, ISO-New England, and Maritime Electric Company Limited.

Please refer to the Minutes of June 2, 2006, Item 2 a), *Expansion of Committee Membership*, second paragraph. The last sentence has been amended to read:

“It was suggested during the discussion that external interconnected parties might also wish to be represented on the Committee.”

On motion duly moved and seconded, the minutes of the meeting of June 2, 2006 were approved as amended.

2. Business Arising from Previous Minutes

a) Expansion of Committee Membership

The Secretary indicated that the Department of Energy does not object to the addition of an alternative energy sources representative on the MAC. The Secretary will draft the required changes to the By-law and Market Rules.

Considerable discussion took place relative to expanding Committee membership even further to include a representative from external interconnected parties. Objections were raised to such expansion and issues discussed included Committee size, reciprocity, voting rights, benefit to NB ratepayers, and whether one person could adequately represent such a diverse group. There was consensus, however, that having information and input from such parties with respect to certain issues would be beneficial to the Committee.

At close of the discussion, it was agreed that the Committee would not proceed with any plan to add such representation , but that external interconnected parties would be informally canvassed as to how the Committee might best keep them informed of developments in the NB market and how their input might be obtained.

b) Bid-Based Demand Response

George Porter presented an overview of Draft Market Procedure MP-23.

Jacques Saint Pierre noted that Canadian Manufacturers and Exporters (the Energy Sub Committee) have met to give consideration to the BBDR program. Comments from the sub Committee will be forwarded to George Porter. The CME Committee is now considering how BBDR will fit into their operations.

George Porter will proceed to draft revisions to the related Market Rules required to implement BBDR. These may be circulated for comments prior to the next meeting so that a vote on specific rule changes could take place at the next meeting.

c) Exit Fees

The Secretary informed the Committee there has been no advancement made with respect to Exit Fees. The PUB, in its recent NBPower Disco rate case decision, indicated that existing legislation does not allow it to initiate an exit fee hearing on its own motion in the public interest, nor would it allow a load customer to request a hearing without first giving notice of its intention to leave standard service. He advised as well that the NBSO Board of Directors remains very concerned about this issue.

General consensus was reached that further action must be taken by the Committee in respect of this matter. The Secretary will draft a letter to the Minister of Energy in support of the Board's recommendation to amend the Act to allow the Board to initiate an Exit Fee hearing.

d) Urgent Market Rule Amendment – Re: Submission of Provisional Balanced Schedules

The Secretary advised Committee members that the NBSO Board of Directors approved the urgent amendment to Chapter 6 (Operational Requirements) of the Market Rules effective June 8, 2006.

The amendment was posted in both official languages on the NBSO website under the “What’s New” ticker and also under the link for the Market Rules.

e) Schedule Rounding Amount Treatment

At the June 2, 2006 Committee meeting, discussion took place respecting the “retroactive” aspect of NBSO’s implementation of this change. Committee consensus was that NBSO should reconsider its position and only implement this change effective July 1, 2006 as opposed to April 1, 2006.

George Porter reported that following the June 2 meeting, the NBSO re-visited the matter and agreed with the Committee’s recommendation. As a result, the change was implemented effective July 1, 2006.

f) Call for Nominations to Committee

The Secretary reported that a “Call for Nominations” in respect of upcoming Committee vacancies that will occur on September 30, 2006 upon the expiration of the initial terms of members representing four (4) sectors, was issued on July 6, 2006. The Call for Nominations was posted in both official languages on the NBSO website.

Committee members were reminded that current members for each of these four sectors are eligible for re-appointment and may, therefore, be nominated.

Nominations must be forwarded to the Secretary by not later than August 30, 2006. Committee members were encouraged to visit the NBSO website (www.nbso.ca) for details to be followed for the nomination process.

g) Update Re: Potential Rule Change for Tie Benefits

Reference: Minutes of Meeting held December 5, 2005, Item 8 a) (Upcoming Proposal for Market Rule Change).

George Porter noted that upon further review, NBSO will not be proposing a Market Rule change to use regional diversity to automatically reduce the New Brunswick Market requirement for generation capacity.

Others noted that New England does reduce the obligation of its loads based on assumed tie benefits from New Brunswick and Quebec, although not without controversy.

George Porter noted that NBSO requires market participants to explicitly nominate capacity if they want to take advantage of diversity, rather than having NBSO make an assumption about availability of resources and potentially compromising reliability.

3. New Business

Ancillary Services RFP – Review of P_{Lim} and Q_{Lim}

George Porter noted that NBSO, in compliance with the PUB's Decision of April 26, 2005 in relation to an Application by NBSO for approval of changes to the Open Access Transmission Tariff, filed with the PUB a Mechanism to Limit the Self-Supply of Ancillary Services (October 26, 2005 and Revised March 27, 2006).

NBSO has not received a decision from the Board in respect of the above noted submission. Depending upon when the PUB renders its decision there could be timing constraints; resulting in NBSO having to wait until the next capability period for the provision of services awarded on a competitive basis through an RFP.

George Porter referenced Table 3, page 11 of NBSO's submission, indicating that these will be the proposed initial values for P_{Lim} and Q_{Lim} should the PUB decide in favour of NBSO's application.

Standing Agenda Items

a) NBSO Activities

NBSO registered as an Intervener in Disco Rate Case – Load Forecast proceeding. The Pre-Hearing Conference was held July 11, 2006. A date has not been set by the Board to hear this matter.

NBSO responded to a Maine Public Utilities Commission Notice of Inquiry dated June 29, 2006 in relation to the Maine Transmission and Distribution Utilities Continued Participation in the New England Regional Transmission Organization. A Technical Conference was called for Friday, July 21, 2006, wherein NBSO connected via conference call. A discussion ensued on the nature of the process, the impact of the related uncertainty, and potential outcomes.

Copies of NBSO's responses to questions circulated by MPUC will be circulated to the Committee. George Porter requested that if anyone has strong views as to how the NBSO should proceed as this matter progresses, please advise.

b) Energy Limited Resources

Nothing new; no contingencies >300 MW. For future reference, it was agreed that this item should be deleted from the "Standing Agenda Items" because all PQ pairs can now be revised within the day.

c) Maritime Wind Activities

Rob Apold reported on recent meetings of the Maritime Caucus of CANWEA. Rob noted that a letter is being drafted to NBSO with CANWEA comments on the NBSO draft document on tariff and market rule changes related to wind power production.

George Porter noted that the project is starting and that NBSO is executing signed agreements with the sponsors for participation in the study (funding, provision of data, and steering Committee participation).

4. Date of Next Meeting

The next meeting is scheduled for Monday, September 18, 2006, commencing at 10:00 a.m. at the offices of the NBSO.

Meeting Adjourned

Respectfully Submitted,

Jessie L. Davies
Chairperson

Kevin C. Roherty
Secretary