

Meeting: #06-06

Minutes of Meeting

Date: September 18, 2006

Time: 10:00 a.m.

Location: Energy Control Center

Attendance: Jessie Davies (*Chair*)
Ron LeBlanc (*Alternate for Don Jessome*)
Jacques Saint Pierre (*Alternate for Ron Beaulieu*)
Ed Howard
Dan Dionne
Don Jessome (by phone)
Blair Kennedy
Andrew Secord
Kirby O'Donnell
Stacy Dimou (*Vice-Chair*)
Eric Marr
George Porter
Brian Scott
Andrew Booker
Marg Tracy

Regrets : Kevin Roherty

Guests: Rob Apold - CANWEA
Barry Milton – NB Power Transmission Corporation

1. Minutes of Previous Meeting

a) The minutes of the meeting held July 24, 2006 were reviewed.

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

b) The minutes of August 28, 2006 were not yet available for review.

2. Business Arising from Previous Minutes

a) Update on Proposed Market Rule Amendments

George Porter presented an overview in relation to the status of the proposed Market Rule amendments. In its teleconference meeting of August 28th the MAC agreed to recommend implementation of the amendments to the NBSO Board subject to certain revisions. The wording of the recommendation had been circulated to the committee and no further concerns were raised. It was also noted that the recommendation from the MAC to the NBSO Board is posted on the NBSO website.

b) Nominations to Committee

The following nominations were reviewed for information purposes only:

Kirby O'Donnell

Nominated to represent New Brunswick Power Generation Corporation, as per s. 3A.1.1(a) of the Market Rules.

Ron LeBlanc

Nominated to represent the Transmission customer sector, as described at s. 3A.1.1(e) of the Market Rules. Ron succeeds Don Jessome.

Dan Dionne

Nominated to represent the municipal utility sector, as described at s. 3A.1.1(h) of the Market Rules. Dan succeeds Eric Marr.

Andrew Booker

Nominated to represent load customers with self-generation, as described at s. 3A.1.1(i) of the Market Rules.

Ron Beaulieu

Nominated to represent large industrial customers, as described at s. 3A.1.1(j) of the Market Rules.

c) Ancillary Services RFP Update

It was noted that as a consequence of the PUB Decision regarding the cap on the self-supply of capacity-based ancillary services, the RFP for same is proceeding. The schedule was reviewed and that schedule is to result in the provision of services arising from the RFP starting November 1, 2006.

Key dates are as follows:

RFP Issued	August 11, 2006
Information Session	September 14, 2006
Deadline for Inquiries	1 Week Before Closing
Closing	September 29, 2006
Award of Contract	October 13, 2006
Service Commences	November 1, 2006

Kirby O'Donnell asked about progress on the renegotiation of the vesting ancillary services contract between NBSO and NB Power Genco. George Porter noted that discussion is underway, and reminded the committee that revisions to that contract are required in anticipation of the increased need for regulation and load following services with the implementation of wind power generation within the Maritimes Area, particularly within the NB/PEI/NME Balancing Area. The proposal is for the quantities to be capped to reflect the expectation of the requirements as of the time of the signing of the contract. The connection between the RFP process and the aforementioned revision to the Ancillary Services Vesting contract with respect to Capacity-Based Ancillary Services was also noted. NBSO is reluctant to reduce its opportunity to purchase regulation and load following under the current contract until such time as the opportunity to procure those services on a competitive basis is proven.

d) Exit Fee Letter

A draft letter from the MAC to the Minister of Energy in support of the Board's recommendation to amend the Act to allow the PUB to initiate an Exit Fee hearing had been circulated in advance of the meeting. No changes were proposed.

3. New Business

Maximizing Environmental Enhancement With Demand-Side Policy

Andrew Secord noted that he would like to see the MAC be more proactive in activities that would have environmental benefits. Andrew noted encouraging use of the BBDR program by a broad range of types of customers, and review of barriers to co-generation as possible activities.

Many members voiced support for the general idea of undertaking such activities. The specific idea of expanding the use of BBDR was particularly appealing. With respect to barriers to co-generation, some members noted that the only barriers to co-generation that they are aware of is cost.

A committee was struck to further explore the issue and report back to the MAC. The committee consists of Jessie Davies, Andrew Secord, Jacques Saint Pierre, Blair Kennedy, and George Porter.

b) Pricing of Interruptibility of Exports

George Porter explained the concept of allowing Market Participants to submit prices at which they would be willing to interrupt their exports, thereby allowing such interruptions to be price-based and thus optimized with respect to economics. Submission of such prices would likely be voluntary. The discussion identified a distinction between (i) pricing the interruptibility of transactions (that have been offered up by the respective Market Participant as reserve) for the purpose of

prioritizing the activation of reserves, and (ii) pricing the interruptibility of transactions for normal economic dispatch.

Brian Scott noted the importance of ensuring compatibility with the markets to which the transactions are being delivered, particularly with respect to the expectations of those adjacent markets regarding the conditions of interruption, and thus of the likelihood of interruption.

The Committee agreed that the concept warranted further investigation but would want to see an estimate of its cost prior to recommending its adoption.

d) Market Monitoring – Sanctions for Energy Imbalance

George Porter noted the possibility of needing to impose some automatic sanctions for energy imbalance to address the fact that (i) there is still only one supplier of balancing energy, and (ii) there are occasional cases of what may be unjustified energy imbalances. It was noted that such imbalances are being addressed through correspondence with the offending party (or parties as the case may be), but that if this approach is not found to be effective a more substantial sanction may be required.

The committee was generally opposed to implementing universal automatic sanctions to address the behaviour of certain market participants. The preference was that such sanctions be imposed upon the offending party only, and only if other measures prove to be unsuccessful.

The committee offered no comment on the use of such sanctions to address the fact that there is only one supplier of balancing energy. Competitive procurement of balancing energy is a key component of integration of wind power generation in the Maritimes Area.

Standing Agenda Items

a) NBSO Activities

- i) George Porter noted that a metering procedure document has been created by NBSO. Relevant parties may be asked to comment as required.
- ii) George Porter reviewed the discussions that are taking place with MECL and ISO-NE regarding seams issues. Ron Leblanc provided further details relative to MECL's work. MECL is in the process of preparing a filing with IRAC for an OATT and may choose to use related services from NBSO.
- iii) George Porter noted that the MPUC inquiry on the exit of Maine from ISO-NE continues. NBSO has received data requests and will be responding.

- iv) Bill Marshall gave an update on the NBSO and Province of NB ongoing work regarding the ERO implementation in the NB context.
- v) Bill Marshall presented a preliminary (unofficial) summary of the results of the recent NERC RC/BA/TOP audit of NBSO.

b) Maritime Wind Project

- i) George Porter noted that the project is continuing.
- ii) Scott Brown made a detailed presentation of the key findings to date.

4. Date of Next Meeting

The next meeting is tentatively scheduled for Monday, October 16, 2006, commencing at 10:00 a.m., at the offices of the NBSO.

Meeting Adjourned

Respectfully Submitted,

Jessie L. Davies
Chairperson

Marg Tracy
Recording Secretary