

Meeting: #06-07

Minutes of Meeting

Date: November 27, 2006

Time: 10:00 a.m.

Place: Energy Control Center

Attendance: Jessie Davies (*Chair*)
Ron LeBlanc
Jacques Saint Pierre (*Alternate for Ron Beaulieu*)
Ed Howard
Dan Dionne (part-time)
Blair Kennedy
Andrew Secord
Kirby O'Donnell (part-time)
Stacy Dimou (*Vice-Chair*)
George Porter
Brian Scott
Liuchen Chang
Rick McGivney (Alternate for Kirby O'Donnell)

Regrets : Kevin Roherty
Andrew Booker

Guests: Rob Apold - CANWEA
Bill Marshall

1. **Minutes of Previous Meetings**

- a) Meeting of August 28, 2006 (attachment)

On motion duly moved and seconded, the minutes of the meeting of August 28, 2006 were approved as presented.

- b) Meeting of September 18, 2006 (attachment)

On motion duly moved and seconded, the minutes of the meeting of September 18, 2006 were approved as presented, subject to the addition of Barry Milton's attendance as a guest.

2. **Business Arising from Previous Minutes**

a) Update on Market Rule Changes – November 1 Implementation

George Porter noted that the market rule changes that had been proposed for implementation for November 1 had been approved by the NBSO Board and became effective November 1, 2006. One of the changes was to allow load customers on standard service to sell Capacity-Based Ancillary Services directly to NBSO. A second one was for Bid-Based Demand Response (BBDR). The committee was reminded that the rule change pertaining to Bid-Based Demand Response (BBDR) allows NBSO 60 days after the initial application to provide the service to make the required system changes. The third rule change implemented November 1 was to make explicit the ability to use purchases from external markets as External Dispatchable Facilities (EDFs).

b) Appointments to Committee

Jessie Davies noted that the nominations previously reviewed by the MAC were approved by the NBSO Board of Directors at a meeting held November 22, 2006.

c) Ancillary Services RFP Update

George Porter reviewed the implementation of the RFP process including the fact that provision of services as a result of the RFP commenced November 1, 2006 as planned. The question arose as to how many bids were received and George Porter noted that there were two bids submitted. Jessie Davies asked why there were not more bids received. George Porter noted that in the case of the loads that could have bid, there may be a need for more education and that the short lead time in the RFP limited the time that potential bidders could spend on education and bid preparation. Ron Leblanc also noted that some potential suppliers were discouraged by the fact that there is no guaranteed minimum level of revenues. NBSO is to explore what changes are appropriate for the next such process which is expected to take place next spring.

d) Exit Fee Letter

It was noted that the Committee's letter on the issue of exit fees has been submitted to the Minister of Energy.

e) Interaction of Adjacent System Operators with MAC

George Porter noted that he has spoken with NSPI and TransEnergie and that both of those parties were satisfied with the current arrangement if they can (i) review MAC agendas in advance of meetings via the NBSO website, (ii) review MAC minutes via the NBSO website, and (iii) request attendance at MAC meetings upon request should the agenda topics warrant their participation. It was also noted by both parties that operating committees exist to address operational issues.

ISO-NE was asked about this issue, but George Porter was not successful in getting a direct response prior to this meeting. From NBSO's perspective the current relationship with ISO-NE functions effectively on many levels including through NPCC committees, the operating committee, and ad hoc communications. MECL is already represented on the MAC by Ron Leblanc as a Transmission Customer representative.

Ken Belcher of the NMISA is the only such party that has expressed an explicit interest in a closer relationship the MAC. Ed Howard reiterated his position that these outside parties should not have any voting rights on the MAC. There was also a general agreement that no one party could adequately represent the diverse interests of the adjacent system operators.

It was agreed that Ken Belcher is to be copied on e-mails of meeting agendas.

f) Environmental Enhancement/Demand Side Initiatives Committee

Andrew Secord noted that this committee met in advance of the MAC meeting and is looking at what market instruments might be appropriate for trans-boundary trading in emissions credits and also at other means of integrating, especially with respect to carbon emissions. Bill Marshall noted that there may be an opportunity and value in the MAC encouraging the premier to adopt the relevant resolutions that are being drafted for the New England Governors and Eastern Canadian Premiers meeting in June 2007. Bill explained the process that will lead to the final creation of the resolutions and the nature of some of the draft resolutions.

Jessie will follow up with the Department of Energy as to whether or not Andy Secord could become directly involved in the government's work on those recommendations.

George Porter is to confirm whether or not the draft resolutions can be distributed to the MAC.

3. **New Business**

a) NB Energy Efficiency Corporation – Elizabeth Weir (11:00 a.m.)

Ms. Weir explained the past, present, and planned activities of the NB Efficiency Corporation.

The Chair agreed to follow-up with Mrs. Weir as to the nomination of someone from the NB Energy Efficiency Corporation to serve as an Alternate member for Andrew Secord.

b) BBDR Promotion

The committee discussed possible ways to advance the use of this service, including through assessing the interest of participation by distribution customers through their distribution company. The committee did not express a willingness to advance such an

initiative. It was agreed that NBSO should continue to promote this service with the transmission customers connected to the transmission system.

c) CBAS Calculations

George Porter reviewed a change in the business practice as to how the obligation for Capacity-Based Ancillary Services is calculated. This change does not require a Market Rule or OATT change. It was noted that the nomination process will require more time as two steps will need to be added to have the individual forecasts sent in by Market Participants, and then the total billing determinant value sent out by NBSO, prior to the actual nomination by the Market Participant. Ron Leblanc expressed a desire for a calculation in which the obligation is known in advance and is not subject to the monthly fluctuations that arise from differences in coincidence factors. George Porter noted that such a change could be considered for future Market Rule and OATT changes. Ron acknowledged that such a change is more substantial and in the meantime is of the opinion that the proposed business practice change of calculation is appropriate. No-one opposed the change. NBSO will implement this change starting with the December nominations.

d) NBSO Energy Settlement Update

George Porter noted that there has been a general trend of smaller absolute values of energy imbalance and redispatch leading to smaller absolute dollars in the RMC, and **will bring a summary of this history to the MAC at a future meeting.**

George Porter also noted that an adjustment to past RMC settlements will be required due to an error in the calculation of the Energy Imbalance for the NMISA. This adjustment will be included in November's settlement. Money is owed to NMISA.

e) Appointment

Barry Milton was welcomed to the MAC as the alternate for Brian Scott who is the representative of Transmitters.

f) Market Rule Amendments

George Porter reviewed an NBSO proposal to allow changes to PQ pairs as late as 1 hour prior to the dispatch hour as opposed to the current limit of 2 hours prior to the dispatch hour. The committee agreed to recommend the adoption of this rule change subject to any comments received by stakeholders by December 11th.

Brian Scott proposed a rule change that would reduce the minimum storage for meters from 35 days to 20 days. Brian will bring further information to the committee at a future meeting.

g) MAC/NBSO Priorities

Jessie noted that at the NBSO's strategic planning session held earlier this year, Jessie and Dave Plante provided input on behalf of the MAC and the CME, respectively. They identified certainty, efficiency and the minimization of waste as the "principles" important to them in respect to the work of the NBSO. The Board asked that the MAC and the CME identify, bearing in mind these principles, the top 3 initiatives the NBSO should undertake. The MAC will work on responding to this request.

4. **Standing Agenda Items**

a) NBSO Activities

i) New England Governors/Atlantic Premiers conference

See item 2 (f) above.

ii) ISO-NE Scenario Planning Process

George Porter noted that ISO-NE is leading a process that will examine the implication of different scenarios for meeting the projected growth of the ISO-NE load over the next 15 to 20 years, and that NBSO is participating in the process.

iii) MPUC Exploration of Maine leaving ISO-NE

Bill Marshall explained the ongoing MPUC process for gathering information and analyzing the potential for the Maine to become its own "market" or to form a "Maine/Maritimes market", and NB SO's role in that process. Some parties expressed concern that export revenues could be placed into jeopardy. It was also noted that the committee had previously indicated that NBSO should be participating in the process and examining the potential for benefits to NB ratepayers.

iv) NBSO Regulatory Planning

Bill Marshall noted that the revenue requirement and additional tariff usage associated with the International Power Line Project may lead to a rate review. Given the in-service date of December 2007 and the mid 2007 open season the appropriate timing for such a review would be late 2007 or early to mid 2008. On the other hand, the NBSO's expenses are highly influenced by inflation because labor is such a substantial component. Margins on ancillary services are somewhat offsetting the pressures of increases in other NBSO expenses. Given this situation, NBSO intends to bring a plan to the next MAC meeting in January that would allow NBSO to manage its finances and allow a regulatory tariff rate

hearing to take place at a more appropriate time. NBSO will be seeking MAC written support with respect to this proposal.

b) Maritime Wind Project

No update.

5. **Date of Next Meeting**

The date of the next meeting was set for January 15th in Fredericton. Jessie indicated that meetings would be bimonthly hereafter unless specific needs warranted additional meetings. She also indicated that once set, the meetings would generally not be moved to a different date unless there was a risk of not having a quorum. Guest speakers will be sought from the Department of Energy, the “demand response industry”, and perhaps David Plante.

Meeting Adjourned

Respectfully Submitted,

Jessie L. Davies
Chairperson

George Porter
Recording Secretary