

**Meeting # 07-02**

**Minutes of Meeting**

**Date:** March 19, 2007

**Time:** 10:00 A.M.

**Location:** Energy Control Centre  
Fredericton, NB

**Attendance:** Jessie Davies (Chair)  
George Porter  
Rick McGivney  
Barry Milton  
Andrew Booker  
Stacy Dimou  
Ron Beaulieu  
Brian Scott  
Andrew Secord  
Ed Howard  
Dan Dionne  
Kevin Roherty  
Norm Seely

**Guests:** Bill Marshall, NBSO  
Rob Apold, CANWEA  
Lesley Rogers, NB Energy Efficiency & Conservation Agency  
Stephen Russell, NB Power Distribution & Customer Service Corp.

**1. Minutes of the Previous Meeting**

The minutes of the meeting held January 15, 2007 were reviewed.

Rick McGivney requested that the minutes be amended to include his comments that NB Power Generation Corporation (Genco) would like to see the surplus treated the same as the RMC, in that NBSO surpluses are distributed consistent with incoming revenue.

**On motion duly moved and seconded, the minutes of the meeting of January 15, 2007 were approved as presented, subject to the inclusion of the above-noted amendment.**

The Chair agreed to move to agenda item 3 b)

**3b) Appointment of Alternate for NB Power distribution and Customer Service Corporation (Disco)**

The Chair reported that Blair Kennedy has nominated Stephen Russell, Manager of Power Purchase Agreements for Disco, to be the alternate.

**On a motion duly moved and seconded, the committee approved the appointment of Stephen Russell as the Alternate member representing Disco.**

**2. Business Arising from the Previous Minutes**

a) Environmental Enhancement/Demand Side Initiatives (Update on February Meeting)

Andrew Secord suggested that the committee hold a brainstorming session in relation to setting of priorities and relative topics for future review/discussion. Further, a discussion regarding demand side and efficiency options while Lepreau is out of service would be beneficial. It was noted that demand side options would be more valuable at that time and it might set precedents involving stakeholders.

The MAC should review the following:

- Wind opportunities and the necessary adjustment of NBSO Market Rules.
- Explore the possibility of incentives to in-province wind resources and the combination of wind and other resources.
- The environmental cost of Electricity and the potential role of the NBSO in systems design to incorporate environmental costs (such as cap and trade).

Efficiency New Brunswick (ENB) briefed the committee on the 20/20 program used in California initiatives as a way for people to manage behaviour. ENB will be targeting the industrial sector initiatives.

The Chair inquired about upload capability on an hourly basis from the meters/billing and whether current meters are replaced by time-of-use meters. Stephen Russell will undertake to check in to this matter.

The Chair indicated that it would be helpful to know the cost of winter peaks. Lesley Rogers is working closely with Mike Bourque, Manager of Power System Planning, Disco, for the purpose of measuring/ planning for the future and the use of the software developed by the Department of Energy (looks at avoided cost). It was noted that ENB is fully funded by tax dollars.

Several other related issues were discussed under this agenda item.

Genco looks to New England for pricing and the interconnections as a source for replacement energy.

RFP process: Risk premium is high (has credit and collateral) backing up these products. Genco as a supplier has to make sure the supply is there from within New Brunswick or other jurisdictions and they cannot afford to be in a risk situation.

Genco reported that real time purchases have occurred and the supply was curtailed in real time. Risk premium must be added.

George Porter briefed the committee in relation to FERC's Conditional Firm Transmission and how it might or might not be there going forward.

Genco indicated they recently met with ISO-NE. Genco further noted that energy will come up the tie. The new 345 kV International Power Line will assist New Brunswick operationally.

Ed Howard spoke about liquidated damages scenario with a consumer as an example of risk. He indicated that efficiency measures are difficult to administer.

The Chair reviewed her visit with Vermont Energy Efficiency. ENB noted that they have monitored the market over a 12-month period. ENB uses ENERCAN software to make assumptions and predictions. This first year is not a good baseline just yet.

It was noted that there were problems with time-of-day metering and that electric heat loads are expensive to deliver.

Disco can calculate the cost of electric heat and determine if it is more expensive with Lepreau off. They indicated that any load is good load regardless of what product is served. Genco indicated that they can peak shave with hydro and avoid peaking thermal units.

ENB reviewed her demand side initiatives. They argued that the replacement of baseboard heating sources is very expensive. A suggestion was made to engage industrial customers for some participation and expertise in the demand side management movement. They met with them and ENB is prepared to participate in these initiatives with short payback periods.

DISCO reported that an RFP to purchase capacity and energy during the five cold months during the Lepreau outage will take place. There is a risk premium and NB Power Board of Directors has directed Genco to procure Lepreau replacement energy looking at demand side reduction as a focus. Industrials can assist in reduction if they wish to participate. Genco indicated that “over the counter pricing’ is now in place.

ENB wants to promote fuel source switching and efficient heating source initiatives.

It was suggested that further discussion take place during a future MAC session.

## **2 b) MAC/NBSO Priorities Update**

George Porter suggested this group make recommendations as to how the System Operator should proceed.

- What priorities does the system operator have?
- What do you want to tell the Minister?
- What do we want to focus on?

George suggested that a review of the 2001 Energy Policy White Paper and Market Design document be carried out by all members to determine what items should be addressed.

The Executive Committee will set the agenda for the workshop. NBSO Board of Directors asked for suggestions from the MAC in relation to energy efficiencies and initiative priorities. It was suggested that the MAC review what has not come to fruition; what has been put in place and what works.

General consensus is that a Facilitator is required for this meeting. This will keep things moving and get the most out of the day. A matrix or spreadsheet will follow and an agenda will be prepared.

## **2c) MAC Membership- Further Expansion**

The Chair noted that at the last meeting, it had been suggested that in order to have the participation of ENB on the MAC, a representative from that organization might serve as the alternate for the environmental interest sector. Subsequent discussions indicate that a more appropriate solution might be to expand committee membership to include specific representation from ENB.

Kevin Roherty advised that expanding committee membership would involve amending the Market Rules and NBSO's Governance and structure By-Law. Amending the By-Law will require the approval of the Minister of Energy. This is the same process presently underway with respect to the MAC's earlier decision to expand its membership to include specific representation from a sector comprised of alternate energy source developers.

**On a motion duly moved and seconded, the Market Advisory Committee approved a recommendation to expand the committee's membership to include specific representation for Efficiency New Brunswick.**

**d) BBDR Promotion**

George indicated that this will be addressed at the upcoming NBSO Information Session.

**e) Compliance with Market Rules**

Kevin indicated that there is nothing to report at this time

**3. New Business**

**a) NBSO Information Session**

It was reported that the upcoming Information Sessions being finalized. The current draft includes: wind integration, bid-based demand response, energy efficiency presentation, smart meters and metering/load control.

**b)** This item was addressed earlier in the meeting.

**c)** Proposed Market Rule Amendment re: Metering - Brian Scott.

Brian Scott indicated that meters are installed at all interconnection points with the transmission system and most are polled daily using MV 90 software. Those meters are capable of at least 20 day data storage. Market Rules state there should be a 35-day memory card installed for all new or substantially modified installations. Transco feels 35 day storage is unnecessary. If they are not polled by the software daily, it is then read at the end of the month manually. However, new meters will be capable of 35-day storage.

If modification occurs, then an upgrade should occur according to the Market Rules. Stephen suggested that the metering committee be consulted first before the amendment is put in place.

George supported the idea that all new interval meters must have a 35-day memory capability. The current meters will remain at 20-day capability, even though other aspects of the metering installation may undergo modification.

**On a motion duly moved and seconded, each “new” meter will have 35-day capability. The current meters will remain at 20-day capability.**

George will send the proposed amendment to the metering committee for review and comment.

Stephen Russell indicated his opposition, noting there is a lack of information. He further questioned the authority of the Market Advisory Committee to carry out a decision involving revenue meters without appropriate consultation with the affected party (seller).

#### **4. Standing Agenda Items**

a) NBSO Activities

- i) Market Rule Compliance Audit (currently being conducted by Ernst & Young).
- ii) An Executive Committee is to be formed consisting of the Chair, Vice-Chair, the Secretary of the MAC, and an NBSO representative. The Executive Committee will meet in the month between the regular meetings to set the upcoming agendas.
- iii).**Maine/New Brunswick MOU.**

Bill Marshall presentation.

The Province of New Brunswick and the State of Maine signed an MOU for the potential development of generation/transmission and ancillary services. This potential development stemmed from current studies that are ongoing and continued negotiations in relation to cost allocation studies. Transmission owners in Maine could become independent and this would change the relationship they currently have with New Brunswick. There is a need to look at transmission requirements, joint markets and a possible RTO (ME/NB). Studies show Maine needs additional transmission capacity in the order of 1000-2000 MW out in time. Conceptual overviews are being developed. New Brunswick will assist with transmission routes and construction to the Orrington interface. The Completion of this study will be in June 2007.

Maine is conducting studies for the purpose of constructing transmission from Orrington to the Maine Yankee corridor and from northern Maine to central Maine areas, utilizing several routes.

There is a move to get the four Atlantic Provinces to cooperate on these various initiatives to reduce emissions, off set generation and increase capacity and reliability.

iv) **MECL Tariff Stakeholder Consultation**

George indicated that MECL have filed their Tariff with the regulator. Two stakeholder meetings have taken place with several participants. MECL will include Network Service in the Tariff. Ventus wants to export energy off the Island. MECL will allow second parties on direct assignment facilities to participate in usage and compensate the initial user.

FERC 888 order will be adhered to.

OASIS will be developed at a later time. Ed Howard will draft a letter to MECL to encourage them to develop an OASIS for compliance purposes and for the development of wind energy. NBSO encouraged MECL to develop one as well. NB Power Genco questioned the need for an OASIS because of limited traffic on the system. Cost of an OASIS is an issue to MECL, as well as unbundling.

Energy Imbalance – Independent generators would be netted off the Island. NBSO indicated it wants wind energy carved out. This will indicate the cause of the imbalance.

CANWEA has concerns with wind imbalance.

As the Balance Authority (BA), NBSO wants production data and schedules for all generators in the BA.

v) **IRC (ISO/RTO Council)**

Bill Marshall gave a brief overview of the responsibilities of the Council, indicating they plan and coordinate national interest transmission corridors and regional planning issues. This Council is involved in the regulatory environment in the US with stakeholders from the electricity industry.

vi) **ERO**

Bill indicated that there has been little activity in this area in recent months. However, agreements have been drafted that indicate NBSO's intention to operate to the standards set forth by these regulators. The agreements have

been submitted to FERC, NERC, and NPCC. NBSO will develop a process that allows it to adhere to the standards (within reason).

b) **Maritime Wind Study**

The NBSO Information Session scheduled for April 23-24, will have presentations and updates at that time.

**5. Date of Next Meeting**

The first Executive Committee meeting will be held in April 2007 to determine the Agenda for the next regular MAC meeting; scheduled for May 14, 2007

**Meeting Adjourned**

**Respectfully Submitted,**

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**Jessie L. Davies**  
Chairperson

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**Norm Seely**  
Recording Secretary

