

**Meeting: #07-05**

**Minutes of Meeting**

**Date:** October 15, 2007

**Time:** 10:00 am

**Location:** Energy Control Centre  
Conference Room B

**Attendance:** Jacques St. Pierre  
Ron Leblanc  
Rick McGivney  
Stacy Dimou (Acting Chair)  
Dr. Liuchen Chang  
Ron Beaulieu  
George Porter  
Blair Kennedy  
Rob Apold  
Ed Howard  
Dan Dionne  
Brian Scott  
Norm Seely – Committee Secretary

**Guests :** Bill Marshall

**1. Minutes of Previous Meeting**

The minutes of the meeting of August 20, 2007 should be amended to read that Mr. Ed Howard was not in attendance.

**On motion duly moved and seconded, the Minutes of August 20, 2007 were approved as amended.**

**2. Business Arising from the Minutes**

**a) NBSO Surplus Letter (attached)**

George Porter informed the MAC that the Surplus Letter has been filed with the Energy and Utilities Board (EUB) and included their suggested revisions discussed at the last meeting. He indicated that the NBSO has not received any feedback from the EUB at this time. Ed Howard informed the MAC that his organization, Integrys Energy Services, has filed a letter with the EUB requesting the Board establish a process to consider this matter prior to making its determination.

## **b) Proposed Tariff Changes**

George Porter referred to the two previously circulated documents for review and discussion; the redlined version of the Tariff (highlighting the proposed changes) and a summary document of the proposed changes.

George reviewed the three main areas of the Tariff proposed for revision; *Rates for Ancillary Services, Division of items between the Tariff and the Market Rules, and Other Terms and Conditions*. George indicated that the NBSO is soliciting input and feedback from the MAC regarding the proposed changes.

Rates for Ancillary Services will include a change to offset the “ongoing mismatch between rates charged for specific services versus the NBSO expenses for those services.” The revision of the rates will allow for the collection of funds to better reflect the projected revenue requirements. A discussion referring to the implementation of an escalator to the rates for the purpose of avoiding the need to return to the regulator identified the need to include this process in the application to the EUB. In addition, the new rates are not yet finalized but are currently being “tweaked” by staff for final approval. Schedule 1 & 2 rates in the Tariff will go up.

George reviewed Item # 1, Rates detail on the second page of the document which defines the recalculation of Rates in Schedule 1 & 2, the revision of Schedule 3 which relate to Regulation and Load following charges. Other items included the Modification of Attachment K (Transmission Expansion Policy) on Page 355 to implement cost sharing of existing direct assignment facilities, applying an automatic escalator to the rates, treatment of the surplus and increase the allowed surplus amount.

Several points were raised out of this review; any deficit incurred by the NBSO would require a loan from Government. Rate Adjustment would likely prevent this. It would be difficult to predict a deficit yet the Board would likely want the NBSO to file for a rate increase prior to a large deficit being incurred.

George reviewed the detail under Item #2 (Divisions of items between the Tariff and the Market Rules). George indicated that any changes to the Tariff would require the approval of the EUB. Some of the changes will include moving the detailed definition of a “Business Day”, Attachments G & J, Creditworthiness, and Billing and Payment details to the Market Rules.

The MAC reviewed the suggested changes under Item # 3 (Other Terms and Conditions) which include: (i) incorporating the applicable amendments of FERC Order 890 into the Tariff, (ii) eliminating the customer's requirement to pay into an escrow account for invoices under dispute, (iii) revising the wording to clarify the details of the recovery of Congestion Management Costs, and the addition of (iv) adding details on how losses will be reviewed annually as per sections 15.7 and 28.5 ( Real Power Losses) of the Tariff.

Several comments were expressed by the MAC which included keeping the escrow account requirement in place and a review of the imbalance definition in FERC Order 890.

George briefly outlined the Wind Integration policy issue section of the document. The MAC discussed several operational/ financial issues surrounding wind integration which included rates within the balancing authority, impact on existing generation and dispatch variability, and costs and benefits.

### **c) MAC Nominations**

The Chair requested that an item be added to 2 c) Filling the Position of Chair and Deputy Chair. The Secretary first reviewed the recent appointments to the vacancies on the MAC and then reviewed the vacancies left by the representative for Non Eligible Customers and the Environmental Interest. These positions are nominated by the Minister of Energy after consultation with the respective sectors. The NBSO is diligently pursuing these nominations with the Minister's office.

The Secretary briefed the MAC on the procedure of filling vacancies of the position of Chair and Deputy Chair of the MAC. Referring to section 3A.5 of the Market Rules, the Market Advisory Committee "shall appoint from among its members its own Chair and Deputy Chair by secret Ballot. The Secretary reviewed the restrictions in the Market Rules respecting eligibility for these positions ballot.

A review of who was willing and eligible for the position of Chair and Deputy Chair was discussed with the MAC and a secret ballot for both positions was held. After a review of the ballots by the Secretary and witnessed by Rob Apold, it was declared that Blair Kennedy is the new Chair and Ron Leblanc the Deputy Chair.

The Committee discussed the role of the Alternate MAC member and their affect on the quorum of the meeting. The question was raised for clarification. A motion was proposed to read:

**On motion duly moved and seconded, if an Alternate is present without the MAC Member, the Alternate will be counted as part of the quorum, subject to check with the NBSO Secretary and General Counsel.**

The Chair requested that item **4 a) NBSO Update** of the agenda be moved to this point in the meeting.

Bill Marshall, President and CEO, distributed the 2006-07 NBSO Annual Report to the MAC for review and questions. Bill distributed the Financial Statement and outlined the Revenue and Expense details.

Bill reviewed the results of the Open Season on the new transmission line to New England. He stated that Hydro-Québec Energy Marketing Inc. and Maritime Electric Company, Limited were the successful bidders on the available capacity. He also reported that the NBSO Strategic Plan is still under review with the NBSO Board and progress is being made.

It is the intent of the NBSO to file an application with the EUB in December 2007, seeking approval of proposed changes to the Tariff. A date for hearing of this matter may commence in April 2008.

The Electricity Reliability Memorandum of Understanding has not yet been signed by NERC. When signed, the MAC will be notified.

The Coordination Agreement with the Northern Maine Independent System Operator is currently under review by their Board.

Bill reported that once the Second Tie to New England is energized, the 100 MW of Reserve Sharing in place today will be allocated on a month ahead basis.

### **3. New Business**

#### **a) Redispatch Issues**

It was reported that Generators would like to have a shorter period of time in which to change schedules to react to system conditions. On an unrelated matter, it was noted that a workshop for affected market participants to explain the redispatch charges associated with Capacity-Based Ancillary Services is tentatively scheduled for November 16, 2007.

#### **b) Timing of Meeting Documentation**

The Chair indicated that he received requests for meeting documentation to be distributed well in advance of the meeting. The Secretary reviewed the current practice and indicated that an Executive meeting should be held at least two weeks prior to the next meeting to review the minutes of the previous meeting and to set the next meeting agenda. Bill indicated that documentation will be sent the Wednesday before the next meeting for review.

### **4) Standing Agenda Items**

#### **a) NBSO Update**

**An update was provided by the President earlier in the meeting.**

#### **b) Update on Wind Integration**

George referred back to the summary of the proposed revisions to the Tariff.

George reviewed bullet number #3 to clarify the policy that the production data that is required to be telemetered to NBSO can be that which is aggregated from the entire wind farm, not just individual units.

Bullet number 5 requires curtailment in operations in accordance with the Market Rules including partial curtailments of a wind generator.

Bullet number 6 will require an obligation of the wind farm to provide real time data on wind speed, temperature and direction to the NBSO through the Supervisory Control and Data Acquisition (SCADA) system.

**5. Date of Next Meeting**

**November 14, 2007**

**Meeting Adjourned @ 4:05 pm.**

**Respectfully Submitted,**

**(Original Signed By)**

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**Stacy Dimou**  
Deputy Chairperson

**(Original Signed By)**

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**Norm Seely**  
Recording Secretary