

**Meeting: #09 -01  
Minutes of Meeting**

**Date: January 9, 2009**

**Time: 10:00 a.m.**

**Location: NBSO Conference Room B**

**Attendance:**

Blair Kennedy (Chair)	Jean Finn
Stacy Dimou	Stephen Fairweather
Stephen Russell	John MacLeod
Ed Howard	Gilles Gagnon
Brian Scott	Andrew Booker
Ron Beaulieu	Kirby O'Donnell
Rob Apold	Dan Dionne
George Porter	Lesley Rogers
Ron Leblanc	Norm Seely (Recording Secretary)

**Guests:**

- Rob Murray
- Marg Tracy
- Sylvain Gignac
- Lynn West
- Ross Stairs

**1. Minutes of Previous Meeting**

**On a motion duly moved and seconded, the minutes of the previous meeting were approved.**

**2. Business Arising from the Minutes**

**a) Near Term Market Rule changes for wind  
- Market Rule changes for Wind Dispatch and Settlement**

George Porter reviewed the previously distributed power point presentation. He indicated that 500 MW of wind has been identified for the Balancing Area for 2009. This is a very high penetration rate for a system this size. Current issues include forecast dispatch settlement, curtailments of wind and the settlement of those curtailments.

A need for a wind forecast service has been identified and wind generators may in time, use our forecast. It was stated that there are big variations in the capability periods and that it has been observed that the wind typically doesn't blow in low

temperatures and high load conditions. The primary focus will continue to be reliability from the NBSO perspective and economics will be of great interest to the Market Participants.

George stated that all balanced schedules must be finalized at 30 past the hour and the Energy Coordinator will run the optimization software at 20 minutes to the hour to determine the dispatch of the generators. One option is to treat the forecast as the schedule for the wind generator.

An issue that has been identified is when a wind generator has the unit dedicated to more than one schedule. PEI has seen this and was provided logic from the wind generator to solve and handle the problem.

Imbalance was discussed and is identified as the difference between schedule and production of the unit. This is paid at the FHMC. The difference is collected from the wind farm and will be in the RMC.

There has been no analysis conducted on the 500 MW of wind. Curtailment of wind was discussed. It was determined that if two generators of different fuel type enter a schedule priced at zero dollars and a curtailment occurs, each unit will be prorated. If a transmission curtailment occurs, the non firm transmission customer will be cut first. If too much generation is on for the system, they will be dispatched to minimum load. Fuel type is not the issue. Kirby O'Donnell indicated that he receives an e-mail when minimum load conditions occur in New England. This gives him time to move his generators around or place the energy into other markets. Curtailments are generally based on highest price units being cut first.

The Chair requested that the MAC meeting move to **Agenda Item 3-NBSO Preliminary Budget Update.**

The Chair introduced Sylvain Gignac, President of NBSO and Jean Finn, Vice President, NBSO Lynne West Controller and Marg Tracy, Regulatory Affairs.

Sylvain reviewed the budget process and revenue requirement highlights. He explained that some of the additional costs of the budget were attributable to succession planning. This budget has to be approved by the NBSO Board and the final budget is not yet complete. The government's agenda has changed and the role of the NBSO and its operations has expanded into a regional role. Jean indicated that there will be more employees needed to fulfill the expanded role of the NBSO. Sylvain explained that 2 positions would be needed in the control room for succession planning purposes and the positions have a substantial training component with them. Two other positions related to growth will focus on activities such as the System Impact Studies.

Marg Tracy outlined the timeline and deadlines leading up to the Hearing in Mid March. She indicated that she thought that this would be a relatively short hearing.

**The Chair requested that the MAC meeting return to item 2a) Near Term Market Rule changes for wind.**

George reviewed the previously circulated table and spreadsheet. He stated that one scenario for curtailment could be to keep a pool of qualified candidates (generators) and curtail the pool on a Pro Rata basic proportion to quantity (MW) and bid price. Encourages bids based on lost opportunity being curtailed. Rob Murray reviewed the spreadsheet and explained the curtailment procedure. He explained that this model is best based on quantity and price.

**\*\*Action Item** The MAC requested that the spreadsheet be resent showing negative numbers in the dispatch data table.

- The MAC had no objection to dispatch based on forecast by the NBSO.
- Kirby if a unit is curtailed due to reliability, it is the cost of doing business.

The MAC suggested a recommendation to the NBSO Board that the ability to adjust curtailments in the Market Rules

**On a Motion duly moved and seconded that the MAC draft a recommendation that supports Market Rules changes for wind and other Non-Dispatchable variable generators for NBSO to:**

1. Dispatch based on the NBSO forecast
2. In normal conditions, to settle the difference between dispatch and schedule based on FHMC
3. In cases of surplus generation, to curtail on a pro-rata basis (and to disallow negative bids from all generators)

**2b) Discussion of changes required (e.g. Tariff and Market Rules) with Large Scale wind**

During the last MAC meeting discussions took place regarding the possibility of moving away from Point to Point Service and Network service. It was determined that this topic should be moved to another meeting at a later date.

**2c) Tie Benefits**

Discussions on tie benefits have appeared in the previous Minutes. George referred to previously distributed one page document. It was noted that a number of our members participate in the New England market. GENCO indicated ISO-NE claims 760 MW as a tie benefit and 280 MW in the capacity market for others on this side of the tie. Kirby indicated that this actually harms the market. George will convey this to his counterparts in New England. NBSO will meet with ISO-NE in February and look for an opportunity to raise this issue. There are no "True MW's" behind the tie benefits to provide for the NE market in the winter.

### **3a) Preliminary NBSO Budget**

Previously covered

### **3b) Tariff Options for Imports**

GENCO indicated that they want assurances that they will not be bumped by Firm Point to Point service when using their Network reservation to import into NB. This requires them to have a reservation utilizing both services. This may occur during a period of transmission congestion. Blair suggested a change to the Tariff would resolve the issue and optimize the use of the Transmission System. George indicated that this issue has been resolved.

### **3c) Interim Wind Settlement**

Kent Hills Wind Farm is online. Some aspects of the proposed rule changes are already in place. Rule changes were previously supported by the MAC.

### **3d) Transmission Development and Updates**

Alden Briggs referred to a previously distributed report on the Potential Generation and Transmission Developments. This report outlines the power system as NBSO sees it. The document discusses Lepreau #2/3, an 1100 MW unit, Liquid Natural Gas, PEI wind, the concept of an Energy Hub and new transmission capacity.

The need for more transmission capacity is evident around these potential projects. The question remains, who will get these built, the need for capacity South of here in the U.S., and will it be a Merchant line or a Pool Transmission Facility (PTF). Other projects discussed in the meeting include a Hydro Quebec to New England transmission project with Northeast Utilities (NU) and NSTAR as proponents and users and also an open season for a minority of the capacity. NBSO has not yet decided to intervene on the hearing process. It was also noted that the economic downturn in the U.S. has slowed down the process of resolving transmission expansion issues in New England.

Alden distributed an updated Transmission System Map for New Brunswick.

## **4. Standing Agenda Items**

### **4a) NBSO Update**

George indicated that the EUB accepted the relevant components of the Settlement and CBAS Strawman Model related to the distribution of the surplus, other than the component pertaining to a revised billing determinant for CBAS. It has recently been identified that as a consequence of that component not being accepted, there will be more dollars contributing to a CBAS surplus than would otherwise have been the case. NBSO will pursue this further.

George has requested that the submission of data for settlement be completed on time as they are having an effect on the settlement process. This has a ripple effect on other processes and slows down the end results. George will inform all parties of this request.

Ross Stairs joined the meeting to discuss the calculation of the Transmission system Loss Factors.

- He indicated that every year in January, a review is conducted and the results are then posted on the OASIS system.
- Operations looks at dispatch patterns and will continue this in the future
- Affected by HQ moving energy South and purchases from them to offset Lepreau outage.
- Trend is that losses will continue to go up
- The new loss factor will be effective February 1/09 and will soon be published on the OASIS.

#### **4b) MAC Member updates**

George briefed the MAC on the transmission flow and indicated that 300 MW is in play on the additional capacity in the month of December. 400MW capability is available and that the recently issued Presidential Permits issued in the U.S. define this as the maximum quantity.

Kirby reported that the June price for residual oil was at \$113.00/ Barrel. Today oil is in the \$30.00 range. Natural gas is down in price as well. He indicated that the price is closer to market currently at Coleson Cove and that warrants running the units.

He indicated that Gypsum sales (by product of the scrubbing process) are down because of the downturn in the need for wallboard in the housing industry.

#### **Wind Integration**

No updates

**5. Date of Next Meeting            February 17, 2009**

**Meeting Adjourned                2:15 p.m.**

**Respectfully Submitted,**

**(Original Signed By**

**(Original Signed By)**

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**Blair Kennedy  
Chairperson**

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**Norm Seely  
Recording Secretary**