

**Meeting: #09 -04
Minutes of Meeting**

Date: June 19, 2009

Time: 10:00am

Location: Conference Room B

Attendance:

Blair Kennedy (Chair)	Rob Murray
Stacy Dimou	Stephen Russell
George Porter	Rick McGivney
Ron Leblanc	Kirby O'Donnell
John Macleod	Brian Scott
Stephen Fairweather	Dan Dionne
Ed Howard	Andrew Booker
Tim Vickers	Robert Apold
Ron Beaulieu	Norm Seely (Recording Secretary)

Guests: Amy Howard (Observer)

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

The Chair requested that the MAC move to Item 3 New Business and return to Item 2 later in the meeting.

3a) New Business

Tie Benefits

Rick McGivney stated that this is an important issue for the region.

- NBSO was to take the lead to discuss with New England. The SO should be the representative for the region.
- New England started meetings last month with more scheduled in the near future.
- Opportunity for the MAC to have input on the meetings.

Stacy Dimou indicated that pool wide tie benefits have climbed to 1800 MW. When capacity is tight, tie benefits are valuable. NSTAR has led the charge with tie

benefits in New England. 670 MW are now claimed on the second tie to New England. New England is claiming 640 MW of capacity from region at two million dollars per month.

George Porter stated that this issue has been discussed at the MAC a number of times and a document has been drafted to give to ISO-NE. A meeting was held with the senior executives of ISO-NE and tie benefits were discussed and the document was given to ISO-NE.

- NBSO is committed to continue to communicate concerns to ISO-NE about claiming tie benefits to the exclusion of commercial activity, but is not going to “lead the charge” through any public forum
- NBSO discussed forward capacity market and tie benefit claims with ISO-NE.
- NBSO will develop a consistent approach to the calculations through NPCC.
- Scott Brown participates on that committee and will be involved with reviews, methodology and NPCC triennial review.

George indicated that the meeting was a good starting point with ISO-NE. As the Balancing Authority, we claim nothing on the tie but still meet capability requirements.

- Why does the NBSO not claim for the balance authority-This is a concern for customers in this region.
- South to North benefits to be addressed first. Claim tie benefits as part of an internal planning exercise.
- NBSO will continue dialogue with New England
- For those parties who gain the most benefit from this should engage the parties to assist in the calculation. NBSO could call on Ken Belcher to assist with this. George will continue to update the MAC on this issue.
- NBSO will be a participant in NPCC Reliability discussions. NBSO will also continue to discuss this issue with ISO-NE on an informal basis.
- The NBSO met internally and agreed that tie benefits are to be calculated for the region.
- Question: What is the tie capability that can be claimed pending NPCC agreement on a more detailed calculation method?
- Surplus in northern New England Entire system capability is above transfer capability.
- The concern is Total Transfer Capability (TTC) - 300 MW south to north firm transmission availability.
- Claiming reserve cannot reduce transmission
- NBSO will verify 300 MW of tie benefits south to north. The plan is to implement the claiming of 300 MW of tie benefits- Look to George’s recommendation and discuss at the next MAC meeting.

MOTION: On a motion duly moved and seconded, with a vote of seven for, 1 against and two abstentions, the committee supports the implementation of tie benefits for the upcoming capability period with reliability at the forefront.

3b) Tariff and Rule Change Initiative

Referring to the previously circulated document, the current Market Rules and Tariff may not meet the needs of NBSO customers with the intent of minimizing cost to rate payers and transmission costs.

- Look at the goals of both policies-require input from the MAC and Market Participants (MP'S).
- Have work sessions and provide comments.
- Set timelines for comments.
- Since there is no real market (i.e. Exit Fees) the MAC needs to resolve market issues first and determine how to do transactions in New Brunswick.-Have Dept of Energy (DOE) participate.
- Rick McGivney stated that losses are high-Network customers have a high cost
- Blair requested that written issues be sent to George and comments on schedule.

3c) 10 Year Assessment Update

- Document has been posted-Topic of workshop on June 24th and will include transmission planning process.

3d) State of the Market Report

- Rob Murray stated currently in the process of writing the document and welcomes comments. A draft of the document will be available at the next MAC meeting.

3e) Energy and Utilities Board (EUB) decision

- George reported that the NBSO applied for approval of Schedule 1&2 revenue requirement in accordance with an application that was made last year with a decision in November. The EUB will require an application each year.
- Initiatives identified in last budget are being implemented.
- Recently there was a continuation of the last hearing to provide the EUB with updates. Changes requested were implemented April of 2009. Billed on revenue requirement/ Surplus
- Auditor signoff and numbers will be provided to the Market Participants.

3f) Market Issues

- System Losses to be revisited annually
- System loss factor may be changed annually
- Residual monthly cost goes down when factor is adjusted up.
- One percent adjustment impacted Residual Monthly Cost(RMC) by one million dollars

- Modify Tariff wording to reflect revisiting the loss factor every year
- 3.3% was calculated at the start of the Market. The increased use of Hydro Quebec interface has driven losses upward.
- Losses in the Saint John area are being reviewed. Large load and no generation on currently in the area.
- Ongoing differential between the Final Hourly Market Cost (FHMC) VS. ISO-NE price. Difference is between \$5-10/ MW /Hr. George has requested an explanation on why this is occurring
- Currently, DISCO's Schedules and Policies does not address the issue of partial service. In addition, the Market Rules do not address this issue either.
- New Load-No exit fee.Existing Load subject to exit fee.

Real time load following calculation

- Modification has been made for hourly calculation of the Load Following requirement-MAC can request more details on the calculation if needed.

Discuss Revise settlement timing (invoice on the 6th business day)

- Current deadline of invoicing by the 5th business day may need to change due to the need for common recalculations due to late arrival of data
- NBSO will continue publish settlement statement by the 5th day
- May revise rules to Issue invoices by the 6th day of the month, thereby reducing the frequency of re-issuing invoices

Long term contract bulletin board

- ISO/RTO Council (IRC) - FERC orders jurisdictional ISOs and RTOs to establish a bulletin board for long term contracts. PJM has offered to host bulletin board for all members of the IRC including the Canadian entities.

4) Standing Agenda Items

NBSO Update

- Brattle Group has filed with the Maine PUC for an ISA for Southern Maine.
- Central Maine Power (CMP) Bangor Hydro Electric (BHE) and the Northern Maine Independent System Operator (NMISA) would form the ISA. They would coordinate with NBSO and province for ancillary services and scheduling.
- Ken Belcher (NMISA) is looking into an efficient coordination with New Brunswick. NBSO was consulted and provided input.
- This scenario requires both government and stakeholder input.

MAC Member Updates

There were no MAC member updates

Wind Integration

There were no Wind Integration updates

Transmission Developments

There were no Transmission Development Updates

The Chair requested that the MAC move to Item 2 of the Agenda, Business Arising from the Previous Minutes.

Methodology for setting Production Limits

- Resolution last meeting- Important info on who receives what limits on zero cost energy
- Rob Murray updated the MAC on production limit protocol
- Market Rule change included factors to be used.
- Review definition of “must run”-Reliability as opposed to “must-take” which is a commercial obligation and not necessarily a reliability issue.

Direct Control of Generators

- Rob Murray stated NBSO will need direct control (setting production limits) above 5 MW for all generators on the future.
- Decreases risk of tripping
- Benefit to proposed rule change
- Brian Scott suggested that an enable/disable switch(similar to Automatic Generation Control AGC) in SCADA be included

Bid Price Differentials for Renewables

- 0 and 1 recognizes renewable attributes
- Kirby suggested that price for hourly based on bids to better reflect what market is about and what conditions were for the hour (Final Hourly Marginal Cost)
- Options:
- 1) Link two wind rule changes and more frequent calculations-what price was for the hour
- 2) Hourly implemented curtailment of wind
- 3) On a temporary basis, all generation go to zero until more frequent optimization takes place

Motion: On a vote 11 for and 0 against and one abstention, the Market Advisory Committee (MAC) recommends to the NBSO Board that the Market Rule changes as submitted by the NBSO at the MAC meeting of June 16, 2009 be adopted, other than the use of the bid price differentials for renewables. Until such time as a settlement calculation based on 5 minute

dispatch is implemented, non-renewable Non-Dispatchable Variable Generators (NDVG) will bid at zero and all other generators will be permitted to bid down to zero. The renewable NDV bids will be set to zero from the outset as per the proposed rule changes.

5. Date of Next Meeting August 18, 2009

Meeting Adjourned

Respectfully Submitted,

(Original Signed By)

Blair Kennedy
Chairperson

(Original Signed By)

Norm Seely
Recording Secretary