

**Meeting: #09 -05
Minutes of Meeting**

Date: August 18, 2009

Time: 10:00am

Location: Conference Room B

Attendance:

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|-----------------------|----------------------------------|
| Blair Kennedy (Chair) | Stephen Russell |
| Stacy Dimou | Kirby O'Donnell |
| George Porter | Brian Scott |
| Ron Leblanc | Dan Dionne |
| John Macleod | Robert Apold |
| Ed Howard | Rob Murray (Recording Secretary) |
| Tim Vickers | |

1. Minutes of Previous Meeting

Following an edit to item 3 of the draft minutes of Meeting #09-04 as shown below the minutes were approved on a motion duly moved by Ron LeBlanc and seconded by Brian Scott.

3a) Tie Benefits – Paragraph 2

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. Approximately 670 MW are now claimed on the second tie to New England. New England is claiming approximately 670 640 MW of capacity from the region. Rick McGivney valued this at two million dollars per month.

2. Business Arising from the Minutes

Tariff and Market Rule Refresh

George Porter gave a presentation (see “supporting material” email) that provided an update of the Tariff and Market Rules Refresh Initiative. George noted that a similar presentation was recently given to Department of Energy staff

MAC Comments

There was general agreement that the best approach to receiving feedback would be through the establishment of a working group with participation open to any MAC member. The first working group meeting is set for September 29th , 10:00 AM in Fredericton.

Stacey Dimou indicated that the project schedule appears to be aggressive. George added that a phased approach may have to be taken where changes that are easier or less contentious are implemented in the first phase.

Ed Howard suggested that the market in NB should better match New England's market either by joining or emulating the NE market. Ed noted that such an undertaking would increase the potential for greater export into New England. Ed also added that the key issues will be the socialization of transmission costs and getting transmission built in the NE.

Rob Apold was in favour of a uniform clearing price market such as ISO-NE.

Stacey Dimou suggested that some form of hybrid may be more appropriate and that the single price market that used to exist in New England may be worth consideration. Stacey noted that joining the ISO-NE market would have cost implications for NB, for example NB would essentially fund approximately 6% to 8% of the investments in the NE grid, some of which would have no benefits to NB. Another example is the increased cost of the reliability coordination. Stacey cautioned the group that the Salisbury node price would be different if we joined ISO-NE as the determination of node price would consider NB load. Currently it doesn't.

Kirby O'Donnell stressed the importance of educating policy makers on the issues and creating a clear distinction between, reliability, the Tariff and the Market.

Several committee members (Kirby O'Donnell, Blair Kennedy) expressed concern that going to a uniform clearing price market would have little benefit to NB ratepayers.

Blair Kennedy suggested that the open season process referred to in section 2 of the Tariff be clarified.

Action

The NBSO is to schedule a working group meeting on September 29th, 2009 in Fredericton that is open to participation.

3. New Business

3a) Energy Hub Benefits and Ratepayer Interests Discussion

George Porter introduced the idea that some of the decisions that have to be made during the Tariff and Market Rules Refresh Initiative will require a balance of the energy hub benefits vs. the ratepayer interests.

There was general agreement that there will be circumstances where ratepayer's interests and energy hub benefits are diametrically opposed.

Atlantica Presentation

To better understand the energy hub benefits the NBSO invited Atlantica to make a presentation to the MAC on their organization

John Harrin gave a presentation on Atlantica's history, governance structure, purpose, goals and future focus. The slides will be available once they have been approved by the Atlantica Board.

Highlights

- The fundamental purpose of Atlantica is to attract energy investment in the region
- Atlantica originated from the energy arm of Enterprise Saint John, which is developed from the true growth initiative that looked at options to grow Saint John.
- Funding is primarily derived from member dues and the annual budget is ~ \$300,000.
- Members are at the CEO/VP level, meet 11 times per year and include such firms as ADI, AECL, Corridor Resources, Irving Oil, JDI, Maritimes Northeast, Stantec, ACOA, Emera, Enbridge Gas, Canaport, Cianbro Maine, etc...
- The mandate is to provide a meeting ground for the energy sector, represent member companies at stakeholder events, engage the community, and achieve social acceptance for energy companies to operate.
- John noted that with respect to the electricity sector some key areas that Atlantica were considering in the future include, building better relationships with NE and improving the understanding of the markets and political environments, improved regional cooperation (single tariff), promoting the regions electricity rate advantage, and a mapping of the regions value proposition

Comments

Stacey Dimou made the general comment that while the presentation was promoting regional cooperation it was overly Saint John centric. Stacey also mentioned that there are many transmission projects under review and that those projects should also be listed as examples

Action

The NBSO will circulate the Atlantica presentation to MAC members when it becomes available.

3b) NBSO Enhanced Dispatch Update and Discussion

George Porter discussed the straw man design concepts for Economic Optimization, Dispatch and Control, Settlement as outlined in the handout (see “supporting material” email).

George indicated that the NBSO position was to work towards option C in the long term where forecasts, dispatch, optimization, and FHMC determination would be based on 5 minute intervals.

Options C will require significant resource requirements and would be better implemented with the addition of the new SCADA system

George indicated that in the short term, Option A would be implemented. Under Option A the optimization runs would occur on an adhoc basis, for example, if a generator tripped off. The FHMC would be a weighted average of the original optimization run and the adhoc run.

There was general agreement that the implementation of Option A would trigger the deferred market rule changes for non-dispatchable generation.

Action

The NBSO pursue implementation of Option A by April 1, 2008 and review the benefit of implementing mandatory optimization runs every 15 minutes following implementation.

3c) Joint Facility Registration

Stephen Russell provided and explained a briefing note (meeting handout) that proposes changes to the Market Rules definition of a Joint Facility that would allow large industrial customers who have a net monthly injection into the system to be able to register in the market as a joint facility.

Under the current rules if the monthly injections are greater than the monthly withdrawals the customer is required to register as a generator. Given that generation is not a core objective of large industry, NB Power Distribution views the current rules as being inappropriate in this situation.

The issue is being triggered as a result of Large Industries desire to become more energy self sufficient.

Comments:

Ed Howard commented that the issue is different depending on whether or not the net monthly injection was caused by load decreasing or by self generation increasing.

Rob Murray noted that an increase in the level of self generation could lead to an exit fee determination that would require EUB approval.

There was general agreement to pursue the rule changes with the addition of caveats to avoid any abuse.

Action

The NBSO and NB Power Distribution are to develop a set of proposed Market Rule changes for consideration at the next MAC meeting.

4) Standing Agenda Items

NBSO Update

- The wind forecasting pilot with Precision Wind is underway and early results are expected in September.
- The RFP for a wind forecasting service is expected to be issued in January 2010.
- The NBSO Board of Directors approved the proposed amendments to the Market Rules for the integration of Non-Dispatchable Variable Generation.

MAC Member Updates

NB Power Genco Update

- NB Power Genco has procured Point Lepreau replacement power for this winter.
- The northern interface is fully prescribed for this winter, largely the result of above procurement.
- Informed the committee that Newfoundland has spilled water as a result of 50 MW of wind on their system

NB Power Disco Update

- Noted that the Draft Grid Code for Wind released by the NBSO for comment includes some strict requirements that could increase the cost of wind power.

Wind Integration

- NBSO noted that actual data is now available from several wind sites in the region and there is an opportunity to undertake some analytical work on issues such as diversity, variability, etc.

Transmission Developments

- There were no Transmission Development Updates

5. Date of Next Meeting October 20, 2009

Meeting Adjourned

Respectfully Submitted,

(Original Signed By

**Blair Kennedy
Chairperson**

(Original Signed By)

**Rob Murray
Recording Secretary**