

**Meeting: #09 -06  
Minutes of Meeting**

**Date:** October 20, 2009

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

**Location:** NBSO  
Conference Room B

**Attendance:**

Ron LeBlanc (Acting Chair)	Tim Vickers
Stacy Dimou	Stephen Russell
George Porter	Rick McGivney
John Macleod	Brian Scott
Stephen Fairweather	Dan Dionne
Ed Howard	Rob Murray (Recording Secretary)

**1. Minutes of Previous Meeting**

The draft minutes of Meeting #09-05 held on August 18, 2009 were approved.

**2. Business Arising from the Minutes**

**2a) Tariff and Market Rule Refresh**

Rob Murray provided an update of the Tariff and Market Rules refresh initiative. In summary the committee was informed that:

- Navigant Consulting was contracted (\$70,000) through an RFP process to assist the NBSO with 6 of the more complex issues;
- The Working Group held its initial meeting and discussed 7 of the 43 issues;
- Three additional issues were added to the list; and
- That there would be additional opportunities to comment outside of the Working Group process when amendments to the Market Rules or Open Access Tariff are formally proposed.

Rick McGivney advised the NBSO to limit the level of effort that Navigant takes on issues where there is a general agreement among the Working Group on the path forward.

**Action**

NBSO to circulate meeting materials developed for the Working Group to all MAC members.

## 2b) Tie Benefits Update

George Porter advised the committee that ISO-NE submitted a request to the NPCC – Task Force Coordination Planning (TFCP) committee asking if an increase in the ISO-NE tie benefits from 1,800 to 3,400 MW would result in any reliability issues. The request lines up the NPCC CP-8 Working Group's review of "Interconnection Assistance Reliability Benefits" for 2010 to 2012. At this point in time the request is under consideration by NPCC and has not been resolved.

Stacy Dimou informed the committee that ISO-NE's request to NPCC is being driven by the New England States. An increase in tie benefits is good for loads in the States as it lowers the amount of capacity that they need to purchase.

Stacy also noted that an increase in ISO-NE regional tie benefits to 3,400 MW could lead to reliability issues.

If NPCC were to reject the increase, a negative ISO-NE response to the States would carry more weight as reliability typically takes precedence. Generators in New England who supply capacity would not be in favor of an increase in tie benefits as it reduces the size of the Forward Capacity Market.

The concern of neighboring jurisdictions, such as NB, is reflected in comments by Rick McGivney. Currently, the level of capacity that a Maritime generator can bid into ISO-NE's Forward Capacity Market (FCM) is reduced by the tie benefits being claimed by ISO-NE. For example, the current amount that can be bid into the FCM from NB is equal to the Total Transfer Capacity of 1,000 MW less the ~716 MW of tie benefits claimed on the NB Interface, or, 284 MW.

If the regional tie benefit is increased from 1,800 to 3,400 MW it is conceivable that the claim of benefits from the NB interface could go into the 900 MW range and drastically reduce the ability of a Maritime generator to participate in the ISO-NE Forward Capacity Market.

Several MAC members agreed that a better arrangement would be for ISO-NE to consider the amount of NB capacity that clears in their FCM market before applying the tie benefit. This could be accomplished by setting the tie benefit at the lesser of the maximum allowable tie benefit or the Total Transfer Capacity less the amount of capacity from NB that clears in the ISO-NE FCM market. For example, assume that 400 MW of capacity from NB clears in the ISO-NE FCM market. The tie benefits would be equal to the lesser of 600 MW (Total Transfer Capacity of 1,000 MW less the cleared capacity of 400 MW) or the maximum allowable tie benefit of 716 MW.

Ed Howard suggested that in principal, the ISO-NE should pay for a transmission reservation if they are claiming tie benefits from it.

There was some discussion on whether or not ISO-NE should be able to claim any tie benefit.

**Action**

As a member of the TFCP planning committee the NBSO's position on this issue will be to not accept such a drastic change until such time that a consistent methodology is used to determine the appropriate level of tie benefits.

Where applicable, MAC members will make their best efforts to convey the position of the MAC on the treatment of tie benefits.

NBSO will prepare a draft briefing note for the Minister of Energy on the Tie Benefit issue.

The issue of tie benefits will be added as a standing item on future MAC agendas

**2c) Presentation/discussion regarding interests of public, ratepayers, and transmission customers**

George Porter reminded the Committee of the presentation at the last meeting by Atlantica on the Energy Hub which was a portrayal of public interest. George opened the floor for discussion and for ideas on who could be brought in to present the interests of ratepayers.

Stacy Dimou reiterated his position that incentives for generation should come from the government and not through changes to the market.

Ed Howard suggested that the Department of Energy be asked to make a presentation and or take a more active role in the MAC.

Rob Murray suggested that the Department of Energy be encouraged to use the MAC as a sounding board.

**Action:**

NBSO will extend an open invitation to the Department of Energy to make a presentation to the MAC on Energy Policy and to take better advantage of the MAC as a stakeholder group.

**2d) NBP Distribution Proposal for Revised Co-Generator Treatment**

Rob Murray and Stephen Russell provided the committee with an update on the NBP Disco proposal to change the definition of a Joint facility such that a co-generator would not be required to register their facility as a generator in the event that they are a net injector for a single month.

Stephen Russell noted that an increase in the level of injections from co-generators could be the result of several different factors including but not limited to: efficiency improvements that reduce an industry's load or increase generator output; reduced load due to decreased production, or refurbishment of existing generation units.

In general the MAC committee agrees that the current definition is impractical and requires change. At the opposite end of the issue, the MAC also agrees that a co-generator should register as a Generator if they inject in every hour.

Stacy Dimou notes that co-generators in Maine have been net injectors for years and that there does not appear to be any major issues.

The committee was informed that an injecting co-generator should not be a competitive issue for existing generators as NB Power Disco buys the excess energy to serve standard service load and does not resell it.

Rob Murray expressed the NBSO's reliability concerns of not being able to predict or control the output from self generators. Rob also noted that there would not appear to be any required changes to the Tariff or NBSO software as a result of an amendment to the definition of a Joint Facility.

Ed Howard noted that an increase in output from industrial facilities would lower net load and should therefore lower ancillary services requirements.

Rob noted that this issue is related to the "must run generation" issue identified in the NBSO's Tariff and Market Rules Refresh initiative.

**Action:**

Rob Murray and Stephen Russell will prepare proposed amendments to the Market Rules that provide more flexibility for Joint Facilities to inject into the system while respecting the issues of fairness and reliability.

### **3. New Business**

#### **3a) Unbundling of Contestable Customers Bills**

Unbundling of contestable customers bills was a recommendation of the Market Design Committee.

Stephen Russell informed the committee that the NB Power Disco bill for contestable customers (municipal utilities and large industrials) indicates the costs associated with the transmission tariff as an informational item. The costs include Tariff Schedules 1, 2, 3, 5, and 6 and are based on the user's peak use.

Unbundling the bill makes it easier for contestable customers to compare alternative supply options as the customer will have to pay for the costs associated with the transmission tariff regardless of who their supplier is.

#### **3b) Inclusion of costs of "transmission by others" in tariff revenue requirement**

George Porter briefed the committee on the possibility of rolling the costs of transmission upgrades incurred outside of NB into the NB tariff if the benefits to NB system justified the cost.

Ed Howard suggested that the cost should not be rolled into the tariff and that the market participants who benefit should pay.

George Porter provided a real example where the addition of a series breaker at Orrington could lead to an increase in the transfer capacity from NE to NB.

The committee was in favor of exploring this issue further as there may be real benefit to transmission customers. It was mentioned that FERC may have already addressed this issue.

#### **Action**

NBSO will include this issue in the Tariff and Market Rules Refresh initiative

### **3c) NBSO wind power production forecast initiative update**

George Porter advised the group that the pilot project with Precision Wind is well underway and that day-ahead forecasts are being received at 9:00 AM and 3:00 PM.

George also noted that a letter has been sent to prospective bidders on the RFP for the provision of a wind forecast service. The intent of the letter was to advise bidders of an upcoming RFP and to solicit information such as the desired proposal response time, details of the possible services that could be provided and any other information that a bidder may consider to be useful for the preparation of an RFP.

### **3d) NB Power update on Integrated Resource Planning**

Stephen Russell briefed the committee on the status of the Integrated Resource Plan being undertaken by NB Power. The IRP is being driven by the fact that all of NB Power's fossil fleet will reach their scheduled end of life over the period of 2025 to 2035. The draft plan will consider a number of options to serve the standard service load in NB and is expected to be completed in November 2009. It will be revised on an annual basis. Stephen noted that plan will consider the risks of each option including the uncertainty surrounding greenhouse gas emission regulation and pricing.

Rob Murray noted that the use of NB's Interconnection is being included as an option.

### **3e) MAC member terms**

George advised the group that several of the committee member terms have expired and that notices have been sent out to those affected. In general member terms last for three years. A member can be re-nominated for a second term but can serve no more than seven years. Alternate members are chosen by the respective MAC member.

**Action:**

A notice of member term expiries will be provided to all the MAC members and it is encouraged that nominations be put forward as soon as possible.

**4) Standing Agenda Items**NBSO Updates

- NBSO noted that the Energy & Utilities Board staff has indicated that they may not be able to accept non transmission costs as a reasonable expense to be included in the Tariff. This has implications for the inclusion of non transmission solutions to transmission constraints such as DSM or generation support.
- Ed Howard noted that as a transmission solution, DSM service may be receiving preferential treatment as they are not required to provide credit support.
- The NBSO has initiated a study of the Total Transfer Capacity (TTC) on all of the interfaces. It is possible that the study may lead to increases in the TTC values. Potential upgrades to achieve TTC increases will also be explored.
- George noted that the NBSO is projecting a surplus this fiscal year as a result of delayed implementation of some new initiatives. As a result, there may be opportunities for unbudgeted expenditures, such as wind data analysis. The MAC was encouraged to make suggestions for short term projects that could be undertaken.

MAC Member Updates

- NB Power noted that the new start up date for Lepreau is February 28, 2011.
- Ed Howard mentioned that the US was considering legislation that would allow for siting on the Interstate highway corridors.
- Ed Howard also advised the group that there were reliability studies underway in Northern Maine and queried the NBSO on their involvement.

**Action:**

NBSO to report back on their involvement in reliability studies underway in Northern Maine.

Wind Integration

- NBP Disco indicated that they are currently evaluating proposals received in response to the wind RFP.
- Rob Murray advised the group that NBSO will be providing responses to the comments received on the proposed Wind Grid Code.

- George Porter noted that the NBSO is updating its list of issues on wind integration.

**Action:**

NBSO to provide the list of wind integration issues to the MAC

**Transmission Developments**

- There were no transmission development updates.

5. **Date of Next Meeting**      **December 15, 2009**

**Meeting Adjourned**

**Respectfully Submitted,**

**(Original Signed By**

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**Ron LeBlanc  
Acting Chairperson**

**(Original Signed By)**

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**Rob Murray  
Recording Secretary**