

# MR-00338 Economic Dispatch of Linked Wheels Working Group



## Notes of Meeting – DRAFT

|                                                                                                                                                                                                               |                                               |                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------|
| <b>Date held:</b><br>September 12 <sup>th</sup> , 2008                                                                                                                                                        | <b>Time held:</b><br>10:00 a.m. to 12:00 p.m. | <b>Location held:</b><br>Teleconference                          |
| <b>Invited/Attended:</b>                                                                                                                                                                                      | <b>Company name:</b>                          | <b>Attendance Status:</b><br>(A)ttended; (R)egrets; (S)ubstitute |
| Bellavance, Eric                                                                                                                                                                                              | Hydro Quebec Energy Markets                   | A                                                                |
| Chagnon, Guy                                                                                                                                                                                                  | Hydro Quebec Energy Markets                   | A                                                                |
| Cormier, Pascal                                                                                                                                                                                               | Brookfield Power                              | A                                                                |
| Gell, Richard                                                                                                                                                                                                 | Ontario Power Generation                      | A                                                                |
| Laurin, Marc-André                                                                                                                                                                                            | Brookfield Power                              | A                                                                |
| Kapteyn, Robert                                                                                                                                                                                               | IESO                                          | A                                                                |
| MacKenzie, John                                                                                                                                                                                               | IESO                                          | A                                                                |
| Radan, George                                                                                                                                                                                                 | Silverhill                                    | A                                                                |
| Peterson, David                                                                                                                                                                                               | Ontario Power Generation                      | A                                                                |
| Tintor, John                                                                                                                                                                                                  | Silverhill                                    | A                                                                |
| Wetzel, Ray                                                                                                                                                                                                   | Constellation Energy                          | A                                                                |
| Wight, Gary                                                                                                                                                                                                   | Constellation Energy                          | A                                                                |
| <b>Scribe:</b> John MacKenzie, IESO. Please report any corrections, additions or deletions to these notes to the following e-mail address: <a href="mailto:john.mackenzie@ieso.ca">john.mackenzie@ieso.ca</a> |                                               |                                                                  |

### Review of Notes from September 4<sup>th</sup>, 2008 Meeting

No comments.

### Terms of Reference

Members identified the need for some corrections to list of companies (Aquila and Silverhill should be referred to as Silverhill) and company names (Constellation Energy).

### Follow-up on Action Items

| Action Item                                                                                                                  | Status                                           |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| 1-1: IESO to revise and publish Terms of Reference.                                                                          | Closed. Terms of Reference revised and published |
| 1-2: IESO to investigate use of collaboration portal for development/review of Working Group documents prior to publication. | Open. IESO investigating use of the portal.      |
| 1-3: IESO to publish Working Group documents on                                                                              | Open. IESO establishing Working Group            |

| Action Item                                                                                                                                                                                          | Status                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| IESO public web site.                                                                                                                                                                                | web page on IESO public web site.                                                |
| 1-4: IESO to determine if there is IESO money available for the Working Group to have a consultant perform market efficiency impact analysis of design.                                              | Closed. The IESO has no funding available in 2008 for such work.                 |
| 1-5: IESO to make arrangements for September 12 <sup>th</sup> meeting.                                                                                                                               | Closed. Arrangements made for teleconferencing.                                  |
| 1-6: IESO to provide updated data regarding differences between pre-dispatch constrained intertie zone prices and real-time unconstrained intertie zone prices.                                      | Closed. Data provided via e-mail on September 11 <sup>th</sup> , 2008.           |
| 1-7: IESO to analyze at least one hour to determine typical reason why there are differences between pre-dispatch constrained intertie zone prices and real-time unconstrained intertie zone prices. | Closed. Analysis presented at September 12 <sup>th</sup> , 2008 meeting.         |
| 1-8: IESO to distribute minutes of Technical Panel meetings where MR-00338 was discussed.                                                                                                            | Closed. Technical Panel minutes distributed on September 9 <sup>th</sup> , 2008. |

### Review of Questions from Constellation Energy

1. Will the IESO allow a linked wheel to have the sending control area = receiving control area, i.e. MISO to IMO(MN) as import leg and IMO(MI) to MISO as export leg?
  - Constellation undertook to clarify if the subject linked wheel would be from Minnesota through Ontario to Michigan.
  - The IESO expects that any linked wheel transactions that are permitted under the existing market rules would be permitted under any new design.
  - Ontario Power Generation suggested that consideration be given as to whether all linked wheels are appropriate, given the recent change to the NYISO tariff that prohibits certain linked wheel transactions.
  
2. How do you prioritize "regular" import/exports and linked wheels when an interface is congested?
  - The evaluation of linked wheels and imports/exports is explained in the design document.
  
3. How does the proposed software design configure into either the UDAM or Enhanced DACP proposals? Is one easier than the other?
  - The proposed changes to the scheduling/dispatch of linked wheel transactions would be incorporated into the pre-dispatch constrained sequences regardless of whether there is a UDAM or enhanced DACP.

## **Review of Intertie Price Data**

1. Fundamental issue with design is that scheduling done on the basis of the constrained sequences and prices used for settlement are on the basis of the unconstrained sequences. There is no market mitigation measure for the resulting financial risk.
2. CMSC and IOG are measures to address the above financial risks for pure imports and exports. While these measures are 'artificial', they are part of the IESO-administered markets. The correct solution would be for scheduling and settlements to be on the basis of the constrained sequences.
3. Participants conducting linked wheels have two goals:
  - a) Have the transaction flow; and
  - b) Manageable financial risk.
4. Two options identified to manage the risk:
  - a) CMSC-like payment: payment to keep transaction financially whole to the constrained sequence position.
  - b) Two-bid transaction: one part of the bid used in constrained sequence for scheduling, one part of the bid used in unconstrained sequence to manage financial risk

## **Outstanding Action Items**

1-2: IESO to investigate use of collaboration portal for development/review of Working Group documents prior to publication.

2-1: IESO to send IESO web site links and report titles for the published intertie shadow price reports.

2-2: Silverhill to draft description of CMSC-like payment option.

2-3: Ontario Power Generation to draft description of the two-bid transaction option.

2-4: IESO to circulate to the Working Group the draft descriptions from Silverhill and Ontario Power Generation.