

## Minutes of the July 12th Meeting of the Commercial Reconciliation Sub-Committee

July 12, 2004, 8:30 a.m. – 3:30 p.m.  
Skymark Office

Meeting Chair: Victor Wong

### Attendees: IMO

Victor Wong	IMO – Chair / Minutes
Edward Arlitt	IMO
Lisa Lam	IMO
Mitch Moore	IMO
Rahan Malik	IMO

### External Members

Christine Dade	Oshawa PUC Networks Inc.
Istuan Szekely	Veridian Energy
Tom Wasik	Enersource Hydro
Mark Skoczylas	Dofasco
Naveed Ather	OPGI
Bunli Yang	E4
Jennifer Croke	EnerMajica
Heather Sears	EnerMajica
Ravinder Gupta	Hydro One
Andrew Chan	OEFC
Sarah Wu	OEFC

## Agenda

1. Highlights of Upcoming Changes Affecting Settlements
  - a. CMSC Payment for Negative Offers
  - b. Administrated Pricing
  - c. Transitional Demand Response Program
  - d. Compensation for Special Protection Scheme Activation
  - e. New MTR Update Report for Retrieving MTR data via XML
  - f. Spare Generation On-Line Minimum Run-Time
2. Introduction to the DAM
  - a. Progress to date
  - b. Current Scheduling Objectives
  - c. Overview of major Day Ahead Market features
3. Introduction to DAM Settlement Topics from the Strawman
4. DAM Settlement Timelines – Overview and invitation to provide feedback to the IMO prior to July 26
5. Wrap Up

## Discussion

1. **Highlights of Upcoming Changes Affecting Settlements**
  - a. CMSC Payment for Negative Offers  
No issues
  - b. Administrated Pricing  
No issues
  - c. Transitional Demand Response Program (TDRP)  
Victor Wong and Lisa Lam responded to questions raised during the presentation. TDRP is available to both MPs and customers within Ontario and is calculated based on the 3 hour ahead pre-dispatch price provided that it is greater than \$120 per MWh but to a maximum of \$500 per MWh. There is a mandatory application process that customer/aggregated customers have to follow. When accepted, the customer/aggregated customers will have to register into IMO controlled market if not already a Market Participant in order to participate and be paid. This program is introduced to promote Demand Response encouraged by the Ontario government.
  - d. Compensation for Special Protection Scheme Activation  
SPS does not apply to non-dispatchable loads. It only applies to dispatchable loads or non-quick start dispatchable generation facility that are a part of a SPS that has been armed based on a request by the IMO.
  - e. New MTR Update Report for Retrieving MTR data via XML  
User will have to download and store the XML reports on a daily basis. A document outlining the new proposed interface for the MTR system will be issued shortly to the members of the CRSC and RMSC for comment. IMO is expecting to deliver this capability in September 2004.
  - f. Spare Generation On-Line Minimum Run-Time  
No issues

## 2. Introduction to the DAM

### a. Review Progress to date

Comments: DAM project team should have a contingent plan before going for next Board approval and requesting major expenditure, because of the unknowns of Bill 100. Edward Arlitt agreed by saying that the team has to prepare the plan because the Board will definitely ask the question.

### b. Current Scheduling Objectives

- Question was asked related to Objective 3: "How does DAM provide greater operational certainty when there is no requirement for physical participation the next day?"

- Answer: Structure of DAM includes strong financial incentive to meet commitments.

- Question related to Objective 4: "How can DAM increase load participation?"

- Answer: DAM provides load participants with more flexibility by offering other classes of loads such as Price Sensitive loads, Price Responsive loads and Virtual loads. DAM is different from HADL because DAM provides a longer time frame for participants to arrange load reduction. DAM provides long term solution which is different from the Transitional Demand Response Program.

### c. Overview of major Day Ahead Market Features

Comments related to prudential design in DAM.

There is no change in the basis of prudential design. However participation in Virtual Transactions will require separate prudential from the Physical Transactions.

## 3. Introduction to DAM Settlement Topics from the Strawman

Comments related to this topic:

a. Participation in DAM is voluntary, not mandatory.

b. Depending on government's regulation, LSE represented loads may be a solution for loads to participate in DAM.

c. Demand Response program by government actually hurts LDC's income

## 4. DAM Settlement Timelines – Overview and invitation to provide feedback to the IMO prior to July 26

The presentations defined the settlement terminology, and reviewed the strawman proposal in terms of what calculations are in the 1<sup>st</sup> settlement process, the proposed timing of the 1<sup>st</sup> settlement process and the deliverables from the 1<sup>st</sup> settlement process.

Both Victor and Edward emphasized that IMO needs to have inputs from CRSC members regarding the timeline and content of the 1<sup>st</sup> Settlement process. The inputs can be sent to victor.wong@theIMO.com as soon as available and before July 26/2004. Other comments/recommendations such as timeline of 2<sup>nd</sup> settlement statement are also welcome.

Many comments were given by the group during the discussion:

- I. It will be helpful if IMO publishes DAM market data such as total bids and offers in the DAM, also the forecast load used in the 2<sup>nd</sup> pass of Calculation Engine.
- II. A presentation that illustrates how DAM market in the neighbouring jurisdictions works, including Statistics of Load participations, Physical Bilateral Contracts and others would be useful.
- III. The Market Rules regarding the format of Settlement Statement Data File should be made flexible enough so that compromise can be made between expensive IT implementation/modification of the current tool and the requirements of the data detail for settlement reconciliation and NOD processes.
- IV. Market Participants should be prepared for the fact that Settlement Statement Statements and associated Data File will be issued in XML format. The new MTR Update Report using XML will be released in September 2004 and can be used by market participants to become familiar with XML.
- V. The group agrees that the so-called “1<sup>st</sup> settlement statement” is not a real “statement” because there is no financial consequence and no NOD process associated with it.
- VI. A question was raised regarding the proposal to move the issuing date of Preliminary Settlement Statement and Final Settlement Statement so that NOD process will be given more time. Edward suggested inputs be provided by the members and be discussed during July/26 conference meeting.
- VII. Victor suggested members discuss the scope of a 1<sup>st</sup> Settlement Statement with various groups internal to their organizations because of different needs.
- VIII. IMO needs member’s feedback.

**Actions:**

1. CRSC members to provide inputs regarding the timeline and content of the 1<sup>st</sup> Settlement process to victor.wong @theIMO.com as soon as available and before July 26/2004.
2. Please bring your calendars to the conference call on July 26, 2004 to help arrange tentative dates for future meetings.

**Next CRSC Meeting is to be a Conference Call**

Date: Monday, July 26, 2004

Time 1:30 PM

Expected Duration: 2 hours

**Conference Call Information:**

Local Dial-in: (416) 343-2654

Toll-free Dial-in: 1-866-440-8935

Conference ID#: 3323859