

## Final Minutes of the 7<sup>th</sup> Meeting of the Market Operations Standing Committee

Wednesday, March 5, 2003, 9:00 am - 3:35 pm  
Toronto Airport Marriott  
Grand Ballroom

**Published - April 4, 2003**

Attendees:	Name	Company
	François Abdelnour	Ivaco Rolling Mills
	Brian Bell	Ontario Power Generation
	George Blechta	Falconbridge Limited
	Kris Bonitatibus	Dofasco Inc.
	Allan Boucher	Inergi
	Rob Cary	Sithe / Cardinal
	Andrew Chan	Ontario Financing Authority
	Corinne Draesner	Bruce Power
	Margaret Duzy	TransCanada Energy Ltd
	Joe Fehervari	Ontario Power Generation
	David S. Goldsmith,	Ivaco Rolling Mills ( <i>am only</i> )
	Phil Kennedy	Ontario Financing Authority
	Paul Kerr	Coral Energy
	Chuck Labenski	Select Energy New York
	Darren MacDonald	Gerdau AmeriSteel
	Brian McConville	Ontario Power Generation
	John Messenger	Direct Energy Marketing Limited
	John Mikkelsen	JVM Cogeneration Engineering Inc.
	Tony Miles	Hydro One Networks
	Larry Murphy	
	Kevin Myers	Veridian
	Greg Olsen	Ontario Power Generation
	Matt Picardi	Coral Energy
	Brian Riley	Recipco Corporation
	Sushil Samant	Northland Power
	Safouh Soufi	SMS Energy-Engineering Inc.
	Nora Vasquez	TransCanada Energy Ltd.
	Bunli Yang	E4
	Al Miller	IMO
	John Boudreau	IMO (Item 3 only)
	Jason Chee-Aloy	IMO (Item 2 and 3 only)
	Al Findlay	IMO
	Darren Finkbeiner	IMO (Item 4 and 5 only)
	Peter Lafoyiannis	IMO (Item 4 and 5 only)
	Jack Lubek	IMO (Item 3 only)

Bruce Mackay	IMO
John MacKenzie	IMO (Item 4 and 5 only)
Kerry Noble	IMO (Item 4 and 5 only)
Richard Penn	IMO (Item 4 and 5 only)
D. Phillips	IMO (Item 2 only)
Wade Sandilands	IMO
Don Tench	IMO (Item 4 and 5 only)
Candice Trickey	IMO (Item 4 and 5 only)

***Editorial Note: Participants' addenda to the draft minutes are highlighted in red.***

## **1. MOSC Administration**

Al Miller opened the MOSC meeting noting that the attendance was lower than expected due to inclement weather. *(Editor's Note: Attendance increased as the day progressed).*

The previous minutes were posted as draft on February 12, 2003. Following the seven-day commentary period the minutes were posted as final on February 25, 2003 with no changes. There were no outstanding action items to be addressed.

The schedule of MOSC meetings for the remainder of the year has been posted.

MOSC was provided an update of the activities of the other IMO Standing Committees and Sub-committees as well as the Market Advisory Council. MOSC attendees seeking further information on the activities are directed to the IMO Public Web.

### **MOSC Comments**

**What will be the frequency of interim updates to the 18-month assessment?**

It is assumed to be monthly, but will clarify the answer in meeting minutes.

*(Editor's Note: The update frequency envisioned is confirmed to be monthly. These updates are e-mailed to Market Participants who normally receive communications concerning the 18-Month Outlooks).*

**Actions:** None

## **2. Market Evolution Program (MEP)**

The session was started with a short overview of the MEP consultation process and the status of the three working groups and initiatives.

Status

- Day Ahead Market (DAM) - DAM objectives have been published and notes from the first meeting will be posted soon.
- Multi Interval Optimization (MIO) - First conference call was held last week, focusing on MIO objectives, optimization objective, frequency and format of dispatch advisories.
- Environmental Tracking – Still awaiting government's issuance regulations.
- Wholesale Retail Initiatives - Discussion paper expected by the end of March.
- Locational Marginal Pricing - Analyzing data on nodal prices to date.

### **MOSC Comments**

Will Environmental Tracking regulations include disclosure requirements for retailers and embedded facilities?

Will check.

*(Editor's Note: The Answer is yes)*

Market Design fundamental for Wholesale / Retail Initiative go beyond IMO obligations, what is the buy-in from OEB? To what extent will other participants get involved?

The IMO will ensure the OEB is apprised of any identified issues that involve their role or affect the role of others under their jurisdiction. Many aspects of this initiative are dependent on outcome of other existing forums and therefore the formation of a working group is premature, but is probable as the initiative develops.

LMP, When will we see analysis for the first year?

This is expected in early April.

The remainder of the session focused on Short Term Adequacy Initiatives. Nine mechanisms have been identified to address Short-term adequacy. Of the nine, three have been recommended for implementation for summer 2003 and the Market Rule amendment process has been initiated. The session focused on the three initiatives.

The six remaining mechanisms can be broken down into three categories. Those requiring further assessment, those requiring wider consultation with stakeholder and government and those where the feasibility studies cannot be completed with sufficient time to address a summer 2003 implementation.

### **Replacement Energy to Support Outages**

The process was designed to be simple and voluntary. Implementation is expected by spring 2003. The discussion covered the affect on outage time stamps, capacity requirements, compensation and compliance.

#### *MOSC Comments*

The Technical Panel has approved the proposal to go forward before the board has had a chance to comment on the proposal or seen any final rules on the subject. This is of great concern.

Proposed rules have been discussed at the Technical Panel but not approved. The TP recommended the proposed rules be posted for comment. Comments received by the deadline are to be addressed in the March 18<sup>th</sup> submission to TP. Rules will still undergo the 22-day comment period before being enabled.

Why is replacement energy restricted to Interties? Loads have been discounted and they could supply the required energy.

The overall intent of introducing these mechanisms is to increase overall resources into the market by this summer. It is the IMO's desire to convince Non-Dispatchable loads to become dispatchable. It is expected that this will occur through participation in the HADL. There are additional concerns over loads being double counted through this process, creating additional reliability concerns.

One participant raised concerns over the unlimited risk associated with transactions. Response was given from another participant involved in the TP discussions. Their response indicated that details need to be finalized, but the obligation will be on the generator to make the required energy available with a corresponding obligation to have the offers submitted, accepted and utilized in economic order.

There is a net gain to the Ontario Market; will the tie line capability not drive the reliability solution?

Since bids and offers are not firm until two hours in advance of the dispatch hour, this is mechanism is primarily a planning tool to address forecast reliability concerns. The IMO could reject an outage based on this forecast, but

there is a likelihood that the outage in question can become a forced outage. Lastly, this is a mechanism for the IMO to maintain reliability while the generator can have more assurance that the outage will proceed as requested.

Who will bear any compliance requirements associated with the transaction?

Compliance will fall on the generator to ensure bids are submitted for the transaction in a timely manner. Importers will be on the hook to ensure delivery when scheduled. The safe harbour measure used for determining failed transactions will not apply.

### Hour Ahead Dispatchable Load (HADL)

An overview of the HADL mechanism was presented. Details included the thoughts to date on the authorization process, participant requirements, dispatch submission / scheduling, compliance and settlement as well issues raised at the initial working group conference call on HADL. The forecast of load that may be willing to participate is changing and is dependent upon many issues. The most predominant issues were discussed at great length as follows:

- Need for proper compliance measures
- Cost or value of energy to be paid to participating loads

Specifically the issues are metering / load profiling requirements for compliance and what the correct value is for the energy relief from reduction in loads (ie, should the value of lost opportunity costs to loads be paid to generators etc).

No definitive solution resulted from either discussion. It was agreed that the issue would need to be fleshed out in greater detail to provide the confidence in the design and operation of the HADL. An issue paper will be produced to address the pricing concerns as part of the ongoing HADL working group activities.

#### Gerdau AmeriSteel

It was stated that very little participation in the program may be expected because there is no payment stream to the load. This concern was noted in the first HADL Working Group meetings held in November 2002.

The discussion also led to loads and generators debating how to value demand response, and the loads supported being paid MCP/HOEP for a reduction in MW. One generator commented that is done in NYISO and NEPOOL and supported that mechanism.

#### MOSC Comments

Regarding the restricted window pilot program: will it be in place for this?

Discussions and analysis of this initiative have not been completed at this time.

The scheduling of HADL at three hours out and reducing the Demands will not allow other portions of the market to react.

Timing issues are understood.

Price is also of concern and IMO is giving benefits to Loads at three hours out whereas the resultant price impacts at two hours out can affect an import, which cannot reduce accordingly.

Another participant responded to this by stating that this is not a valid statement for the following reason. The resultant impact is no different than another bid / offer being submitted that undercut the subject bid / offer. No one has real experience, but once the program is in place and stable, price response from HADL should become more predictable.

The quantity and characteristics of the loads that can be offer will need definitive guidelines on any constraints.

Agreed, these will have to be developed. The ultimate desire of the IMO is to have maximum participation in the 5-minute dispatch process.

Forecast cost to the market of this initiative, has this been quantified?

Study has not been completed. Quantitative results were completed earlier, but portions of the program have changed since that time. Therefore a review of results will be necessary. To perform this, the final design and the uptake of loads in the program will need to be known to determine costs. It is still anticipated that this will result in lower overall payments.

### **Emergency Demand Response Program (EDRP)**

It has been recommended that the EDRP program currently in place be extended for another year. The market rule amendment process to enable this extension is in progress.

### **MOSC Comments**

One participant noted that this is similar to the past programs in NYISO. The IMO should consider their experience when developing both this and HADL.

Loads currently involved in this program may be interested in the Multi Interval Optimization working group.

**Actions:** AI to ensure loads at MOSC that identified a desire to participate are invited to participate in the MIO Working group.

*(Editors Note: Loads identified to MEP Working Group. Completed - March 6, 2003)*

### **3. Market Surveillance Panel Consultation on Congestion Management Settlement Credit**

The Market Surveillance Panel (MSP) initiated a review of the Congestion Management Settlement Credit (CMSC). Jack Lubek attended on behalf of the MSP to give the MOSC an overview of some of the key issues described in a discussion paper issued by the MSP. Those interested the consultation paper were directed to the web page at [http://www.theimo.com/imoweb/consult/consult\\_cmssc.asp](http://www.theimo.com/imoweb/consult/consult_cmssc.asp) for specific details.

The consultation process for this issue will rely on written responses to the MSP in order to ensure transparency. Because of the timetable defined for the consultation, there will not be any further public meetings beyond the current discussion with MOSC. Responses should be submitted in writing before March 31, 2003. It is expected that the MSP's conclusions and recommendations to the IMO board should be completed by early May.

Jack gave a brief review of the original purpose of the CMSC payment and then discussed a few of the issues that have arisen with the CMSC payments since market opening. Attendees were referred to Chapter 7 Appendix 7.6 of the Market Rules and the training material posted to the consultation page for further background information on CMSC payments and the mitigation framework.

The focus of the MSP consultation paper is to reconsider constrained off energy payments to generators and imports by looking at the appropriateness of CMSC payments and any resultant potential for abuse.

Discussed were some of the implications of retaining or removing constrained off payments. The floor was opened to what were thought to be three primary discussion issues. These areas are the effect of CMSC on, efficiency, reliability and coordination of transmission and generation.

### **MOSC Comments**

If 20% of the cause of CMSC is not transmission related, what are the additional causes?

Unit deviations from schedule, ramp rate differentials, RD filter blocking and operator control actions related to imports and plant limitations.

One participant wanted to know if financial bilateral contracts across a constrained interface would give rise to the same situation as a CMSC payment?

It was not clear what the underlying assumptions were in this question and would require a more complete statement of the question in order to perform additional review.

Does the discussion paper provide additional detail by zone?

The paper does include some more specifics, but not a complete breakdown by zone.

The totals of CMSC are misleading, as they do not show impact of zones.

These are totals. They are not broken down by specific transmission causes.

How much of the values are caused by systemic constrained off?

Do not have any specific totals, but it is another concern of the MSP. Reference was made to some data that was available – e.g. constrained off in the northwest, but it was also pointed out that the IMO would not be able to state publicly what these totals may be.

A participant challenged the simplicity of the MSP statement that "CMSC is not necessary in a spot market" without further elaboration.

A couple of examples where CMSC types of payments are not used – such as New England and Alberta – although the relevance of New England was further challenged since it had just moved from a single price regime with CMSC to locational pricing.

One attendee wondered if paying a facility a constrained off payment was rational behaviour? He believed that facilities should be penalized for non-compliance, and not rewarded financially to be compliant.

Another participant was concerned that removal of constraint payments would result in participants following the market schedule as opposed to the dispatch schedule.

The MSP have recognized the concern that abandoning constrained off payments might result in incentives for facilities not to follow dispatch instructions, and that this may place more reliance on non-compliance reviews and activities.

It seems that the burden of seeking transmission enhancements has been placed on the generators. Why haven't transmitters been included? Is this not an IMO concern?

This is the specific type of commentary the MSP is looking for. The concern of the IMO is from a reliability perspective, not from an economic perspective.

Some participants wanted more information to indicate where future transmission should be built, or at least more transparency on this issue. If this information does not come from the constraint payments, where does it come from?

CMSC payments are not sufficient tools to use for future investment decisions.

A belief was put forward by some participants that some new generation has been sited to take advantage of CMSC. Others believed that this was not the case.

A majority of the current generation siting was completed prior to market while new generation will have had the benefit of observing Market Conditions and siting appropriately. May need to recognize the difference in timing when making considerations with respect to abolishing CMSC.

This may need to be addressed in some format.

Several participants seem to disagree with the statement that siting of new generation is indifferent to transmission conditions, for example, some have recognized the possible future adoption of locational pricing. As additional commentary, some believed that instituting locational marginal pricing would eliminate this problem. If there were a decision not to move to locational pricing, then this might be the appropriate time to reconsider constrained off payments.

A participant theorized the following with the removal of CMSC. A unit offers MW into the market and drives a lower market price, but then gets constrained off due to a transmission bottleneck. The market keeps the benefit of the lower price, but the generator would lose without the constraint payment. This could lead to a perverse bidding strategy, and possibly move the market further away from transparent market price signals. The resultant increase in MCP could more than offset CMSC savings. Without constrained off payments, such generation should not be considered when determining the market clearing price.

Changes may require that the constrained bid be removed from the unconstrained schedule. There has been some assessment how the market clearing price might change given changing bidding behaviours.

Removal of CMSC could result in strange bidding behaviour.

How would payments be made for units that had to move from energy to operating reserve (specifically reductions to provide OR)? They would apparently not receive the constrained off payment for energy but might be assessed a negative CMSC for constrained on OR.

This requires further evaluation.

Could the IMO disclose constraint payment information in more detail, by zone and historically? This would help plan future investment in each of the transmission, generation and loads areas.

IMO could possibly consider this, but confidentiality concerns have to be addressed.

What other mechanisms are available to the IMO to ensure reliability if constrained off revenue does not flow to facilities critical to local reliability?

Does this mean that plants identified to support a local area would get a capacity payment if CMSC were not paid?

Two possible means of addressing insufficient revenue are RMR contracts and higher energy offer prices. Higher prices are tacitly acknowledged as acceptable under the local market power mitigation framework in the Market Rules Chapter 7 Appendix 7.6, where under some circumstances fixed costs need to be recovered through the offer price and associated payments.

Some people were of the belief that in the case of constraints, there were always 2 payments being made (a constrained on and a corresponding constrained off). They wanted further detail on this.

This is not always the case, but the IMO would consider doing a more detailed analysis.

Negative CMSC need to be addressed as part of this Consultation. The paper is not clear whether both positive and negative CMSC will be addressed as these can have a balancing effect.



MSP did not make specifically suggest reconsideration of the negative CMSC issue.

The underpinning of uniform pricing and CMSC is that it makes you indifferent to dispatch. First, you cannot therefore improve on non-compliance by removing CMSC. Secondly, does this represent the IMO views on this issue since this Market Design feature was stakeholder by the IMO and the MDC?

The paper and the resultant consultation is an MSP initiated process. The MSP, based on feedback of the consultations will make recommendations to the IMO Board. The IMO Board would then decide the appropriate direction, which would likely include seeking input from IMO management and staff.

Would an IMO response not help in the consultation process for this paper?

Will raise this with IMO staff.

CMSC totals do not project the data necessary to determine long term investment. There is a need to know what is getting constrained off and where (as a minimum by area) to have true picture of congestion and the IMO is the only one who knows this? This is a good area where the IMO should respond to the Consultation paper.

Giving CMSC by facility or area does not necessarily give the true cause or long-term value of a constraint as there may be a number of units across the system being constrained on or off through the dispatch optimization process in response to multiple causes. Therefore it is also a complex issue to strip out non-transmission related CMSC.

There is a need for new transmission incentives.

The need to improve the process for transmission enhancement is echoed in the paper.

**Actions:** Provide the MOSC with either the IMO's position on the paper or explain why the IMO staff does not feel that it is not necessary for the IMO to present such a position paper.

*(Editors Note: The role of IMO staff in the consultation process was highlighted in the meeting (See responses above). To add additional clarity on the IMO's role in this and other consultations the following is offered in response to the action item.*

*The IMO strives to:*

- *Ensure that participants are aware of consultations that are initiated.*
- *Facilitate discussion by stakeholders (This is achieved by making sure that the appropriate forum, expertise, observations and technical considerations are available to the stakeholders).*
- *Ensure any advice the IMO receives and any issues that staff is aware of is presented to the IMO Board in a fair and equitable manner.*

*The MSP Discussion Paper provides a clear basis for stakeholders to comment on the CMSC issues raised. In keeping with the objectives this consultation and IMO staff's role in general, it is not appropriate for IMO staff to provide a position paper. This is particularly true in regards to consultations associated with a review undertaken by the Market Surveillance Panel that may yield recommendations to the IMO Board.)*

#### **4. Consultation Process**

The session was provided as a result of queries on the overall consultation process at the last meeting. The consultation process is a continually evolving process and is explained in the detail in the Consultation Handbook. The process, including how stakeholders provide input to policy, rules and procedures as outlined in the Market Rules was explained through the various consultation forums. The conversations focused on MOSC and MAC, pointing out that while these two bodies are the heart of the consultation process, they are not the only venues where the IMO gathers information or advice. Al Findlay made the distinction that MOSC is advisory in nature, not decision making and built to be inclusive rather than exclusive.



## ***MOSC Comments***

How does MOSC conduct a survey/vote/tally of the group and provide results?

When the MOSC receives advice from the attendees, it publishes what advice it has received and any pertinent background to the advice. When the IMO polls the MOSC membership, it realizes that tallied responses it receives may not be representative of all market participants and relies heavily on the written submissions included.

The minutes attempt to provide a detailed account of the proceedings. It is recognized that there may be some participants who are inhibited from speaking on fear of being singled out. We mask the participant's name unless the commentary is material to an issue or the discussion. Material to the conversation may include opinions and comments that appear to be significant to a single participant or are where there are divergent opinions within a participant class (to ensure we capture the big vs. small type of dynamics).

Once the minutes are posted as draft, the Meeting Attendees are notified of the draft minutes and given 7 days to provide comment for the purposes of clarifying positions, statements or other commentary to ensure we have captured their views and the MOSC meeting proceedings correctly.

To ensure an additional level of transparency, these additional comments (including retractions to statements or changes as a result of a better understanding of an issue) provided by participants are included in the final minutes unadulterated under their company name and brought forward at the next meeting.

It was noted by IMO that "silence can be assumed as acceptance".

As a rebuttal, some MOSC members indicated that some might not be completely knowledgeable on some market issues and are therefore silent.

Whenever possible, to provide meaningful discussion, can the IMO should provide the background information and questions to be posed at the MOSC forum in advance of the meeting?

The IMO recognizes the above two comments and as part of the consultation process the IMO attempts to provide material and information in advance of the meeting to enable effective advice from involved parties (Target is 7 days in advance of the meeting). The IMO will endeavour to do a better job in the future.

Can the IMO do a better job at posting the end dates of commentary period for consultations?

While publications of notices contain the end dates this will be taken forward with web publishing.

**Actions:** AI Contact Web publishing to establish a format where end dates are clearly posted.

*(Editors Note: Issue identified to Market Information Services - Closed March 20, 2003).*

## **5. Pricing Issues**

An update of the Market Information Initiatives was given. It is expected that one of these initiatives related to daily market summaries will be available on the public Web site in early April 2003. Examples were provided of pre-dispatch price forecast bandwidths, "the third-line" price forecasts of domestic resources, and daily market summaries. It was noted that the provision of Price band would be providing additional points on the offer curve. As a result, the confidentiality of this initiative will have to be revisited before going forward.

Gerdau AmeriSteel

This summary is in response to last summer's request to provide in real time, additional information to help load better respond to price. At that time, the usefulness of the pricing tolerance bands was discussed and determined to be useful to loads, although there was concern about confidentiality.

Other initiatives discussed were the on going discussions to increase generator availability and the placement in the OR market of current non-market sources of OR, such as voltage reductions.

It was indicated that there has already been a lot of discussion with generators on the first item. Of the three options presented for getting more resources on line, one of the options has been determined to be least attractive. The remaining two options required more discussion going forward. There will be another conference call the week March 17. For more detailed information, a discussion paper is provided at [http://www.theimo.com/imoweb/pubs/consult/mktOps/mo\\_paper\\_iiGen\\_2003mar05.pdf](http://www.theimo.com/imoweb/pubs/consult/mktOps/mo_paper_iiGen_2003mar05.pdf).

Discussions on the use of “out-of-market” sources of Operating Reserve and how to put these sources “into the market” consumed the remainder of the session. A considerable amount of discussion ensued in the session as to what the price for energy associated with the OR supplied from Voltage reductions should be. The prices varied from Zero to \$2000, to some lamination just above MCP. There was general confusion amongst MOSC members on how the Dispatch Scheduling would activate the voltage reduction resource based on the various pricing scenarios presented. It was clear that examples are needed to allow MOSC to understand the issue.

#### Gerdau AmeriSteel

Out-of-Market Control Actions (OCA) are causing volatility. If the Dispatch Algorithm could estimate and dispatch the exact amount of OR required on a 5 minute basis, the price stability would be increased dramatically.

The value of the OCA needs to be understood, what cost would result from assigning a value to OCA (say at the highest MCP in the OR bid stack), and would increased price stability lead to a better demand response and lower the overall cost? Or would the overall cost increase? Analysis required.

Finally Candice Trickey led the breakout sessions to get feedback on the market information initiatives and out of market-sourcing of Operating Reserves.

The results of the breakout sessions can be found at:

[http://www.theimo.com/imoweb/pubs/consult/mktOps/mo\\_discussion-group\\_2003mar05.pdf](http://www.theimo.com/imoweb/pubs/consult/mktOps/mo_discussion-group_2003mar05.pdf)

#### *MOSC Comments*

#### **Generation Incentives**

Could loads participate in the price guarantee?

The purpose of the initiative in question is to guarantee to get additional generation resources into the market when they might not ordinarily be there. Loads can participate in the HADL with the ultimate goal to get them to 5 minutes dispatch.

Why can loads not provide spinning OR?

This would require industry wide change. Something the IMO cannot initiate unilaterally. The background has been that spinning generators can provide some measure of automatic frequency assistance via governor action.

#### **Market Information Initiatives**

Under the market information initiatives, one participant would like to see more analysis done on the “third-line”. Some felt that the three days presented as anecdotal evidence, was insufficient. Preferably, the analysis would be inclusive of a number of days since market opening.

IMO wanted more feedback from respondents. How much analysis would be sufficient? What participants are suggesting is a labour intensive task that the IMO does not see as fruitful given the results of observations to date. Comments from participants didn’t clarify the issue any further except to say that the three examples provided were not enough.

The degree of the width of the price bands should give some hint of the CMSC payments.

The data could be used for many differing things; hence the need to review the confidentiality issues.

Could the IMO provide IOG payment information in real time?

IOG is a result and cannot be determined in real time. It is a product of the differences between their pre-dispatch offer and the real-time prices over the hour. A transaction could be positive in a number of intervals and negative in the remainder of the intervals for the hour. The IOG is the sum of all 12 intervals.

Removing transactions from the pricing curve in predispatch would be seen as a better step, but how much impact is there in general as it would remove IOG?

Again IOG is a product of the differences between pre-dispatch and real-time prices and real-time results will always be skewed when compared to pre-dispatch due to any differences between Forecasts and Actual values (ie demand changes etc).

The "third line" day ahead would be most useful to the placing of bids.

This thought is questionable, as there is no requirement to place bids earlier than two hours prior.

One participant stated that the “third line” seemed to set the price most of the time, and from that perspective, it seemed to him to be a useless statistic.

With regards to the Daily Market Summary sample, many participants thought it to be a good first step because the information is available sooner than the weekly report. Participants queried if it was possible to get some of the data on an hourly basis as well?

IMO will investigate if there is a need for this.

How will the IMO measure the success of this initiative?

The real question is what value does the participant see in the initiative. Additionally, loads would have to tell us where they are impacted by price to measure the success.

### **Out of Market OR Initiative**

What was meant by "did not want to return to problems observed in Market Test"?

Price volatility plus dispatch volatility. Specifically, the later issue and the impact on facilities are of concern. Not all consequences are predictable and we do not want to reintroduce reliability issues.

As a general comment in the “out-of-market control action section”, many participants were concerned that whatever is done in the real-time dispatch also be reflected in the pre-dispatch. Most see this as being a very desirable step.

The intent is treat pre-dispatch and dispatch in a similar manner.

Some loads believed that “out-of-market control actions” that impact MCP, benefited generators and not loads. Would treatment of the control actions be strictly virtual? If so, how would IMO provide transparency of price?

IMO stated that the inclusion of these control actions would be included in the bid/offer stack for both the predispatch and in dispatch. There would be nothing virtual about the process.

Loads, as a comment wanted to point out that the process should be one of bringing the pre-dispatch price close to the dispatch price and not the other way around.

**Actions:** None

## **6. Wrap Up**

Next meeting - April 23, 2003.

### ***MOSC Comments***

**Actions:** None

J.W. Sandilands  
Meteorologist  
Market Operations and Forecasts