

MWG Calls
January 26 & 27, 2011
Summary

MWG Members Attending:

1/26

Michael G. , Wil B., Erin H., Mary Ellen P., Doug K, Samir S., Tyler R., Bob Stein, Bob Fagan, Mark V., Dennis S., Stan H.(ORNL), Steve G., Maryam S., King L., Bob F., Catherine M. (Keystone), John B. (EIPC liaison), Alec R. & Ralph L. (CRA)

1/27

Michael G., Wil B., Erin H., Matt S., Mary Ellen P., Doug K., Samir S., Tyler R., Bob S., Mark V., Maryam S., Tim N., Chris H., Steve G., Fred P., John B.(EIPC), Alec R. & Ralph L. (CRA)

1. Sensitivity #1 - Transmission Approach in NEEM

The MWG members agreed to the following proposal by the NGOs with modifications:

- Soft constraint methodology is appropriate.
 - Discount on the shadow price is appropriate. Recommend using one standard deviation for BAU, but consider using two standard deviations for futures 2, 5 and 8.
 - Floor would be \$2 for all sensitivities in BAU; consider adjusting the floor to \$1 for futures 2, 5, and 8.
- CRA clarifications:
 - The floor on overload charges is designed to address the uncertainty around the magnitude of the standard deviations.
 - If the overload charge is 0, CRA did not intend to impose the floor but rather let the value be 0.
 - All cases of MRN-NEEM will provide load duration data.
- How will the MW constraints be set for subsequent sensitivities? Using the soft constraint or a fixed MW capacity for each pipe?
 - The MWG did not make a decision on this aspect of the NGO proposal.
 - Clarified that the WG can wait until after seeing the results of Sensitivity 1 and may be able to change decision about fixed or soft constraints for rest of sensitivities.
 - Agreed that the WG may choose to use the baseline infrastructure constraints for the remaining Sensitivities.
 - John B. emphasized that the schedule does not allow for multiple check points in the process, so these decisions need to be made in advance to the extent possible.
- There were a number of options for how to determine transfer capability for subsequent sensitivities suggested. No decision was made, but options included the following:

- Use the soft constraint approach for each sensitivity. WG members noted that this would make it more difficult to compare sensitivities because the transfer limits could be different in each.
- Hard-wire the results from Sensitivity #1 or BI to all subsequent sensitivities. If this approach is used, the fixed or hard-wired transfer limits could be determined on the load duration data or selecting the highest, lowest or average transfers from Sensitivity #1.
- Hard wire subsequent sensitivities based on transfer limits from Sensitivity #2.

2. Sensitivity #2 – Hurdle Rates, Transmission Charges and Overload Charges

After extensive discussion on both calls, there was no consensus on the implementation of Sensitivity #2. Three options will be described for consideration by the SSC:

- a). NGO's proposal: No "copper sheet". Sensitivity 2 will start with the sensitivity 1 hard transfer limits. Eliminate Wheeling and hurdle rates, but keep the hard transfer limits from sensitivity 1. This will serve as a bookend and is especially important for futures 2, 5 and 8 which are designed to have more interregional cooperation.
- Wil explained the proposal is designed to relax market constraints rather than physical transfer limits.
 - Alex cautions that this may not provide much additional information because the physical constraint will prevent any more power from flowing in` most cases. It will however allow more efficient use of the existing transfer limits.

b) Tim N./Chris H. proposal: Apply the soft approach again and cut the wheeling rates, hurdle rates and overload charges in half from Sensitivity #1 for Sensitivity #2. Review both and select the one that looks most reasonable for other sensitivities and the high level cost analysis

c) Tyler R's proposal: For BAU: Use soft constraint approach in Sensitivity #2; Reduce or eliminate wheeling and hurdle rates but do not change overload charges. For Futures 2,5 & 8, : ???

- NOTE: All MWG members agreed that relaxing transfer limits through Sensitivity #2 is most important for Futures 2, 5 & 8.

3. Review of status of model inputs for BAU & Sensitivities (Stan Hadley with support from the Sub-teams)

- First draft of sub-team reports outlined where consensus has been achieved among sub-team members on data sources and values, where consensus was not achieved and alternative decisions will be forwarded to the SSC and where there are holes or insufficient information to make a decision.
- After discussion on 1/26, the memo was revised and changes review by MWG on 1/27.
- After discussion, four outstanding issues remain:
 - a) BAU Sensitivity #2

- b) Natural Gas prices
- c) New Wind Generation capital costs
- d) New Wind Penetration rates

4. Preparation of MWG recommendations for EISPC and SSC

- Present overview of the MWG's recommendations on BAU model inputs
- Sub-teams will work on slides to present outstanding decision items and holes

5. Draft Agenda for MWG/SPWG meeting on Feb. 8-9

- All comments should be submitted to Catherine, Mary Ellen and Erin by Fri.