Market Renewal Program Feedback Form

Market Renewal Implementation – Energy Project Implementation Market Settlements – September 21, 2023

Feedback Provided by:

Name: Julien Wu

Title: Director, Regulatory Affairs

Organization: Evolugen by Brookfield Renewable

Email: ███████████████████

Date: Oct 20, 2023

> To promote transparency, feedback submitted will be posted on the Implementation Engagement webpage unless otherwise requested by the sender.

The Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the three design updates that were presented in the September 21 webinar:

- Correction to the DAM Balancing Credit formulas to align with design intent,
- Modification to the Intertie Failure charges to address potential gaming issues, and
- Aligning ORA with MRP design

The materials for the September 21 webinar where the IESO provided an overview of these changes have been posted to the engagement web page.

Please submit feedback to engagement@ieso.ca **by October 20, 2023**. If you wish to provide confidential feedback, please mark the document "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Correction to Day-Ahead Balancing Credit Formula to Align with Design Intent

What feedback do you have on the design modification?

Section / Topic	Feedback
Click or tap here to enter text.	Evolugen by Brookfield Renewable appreciates the opportunity to provide feedback. - Please confirm if there is a report that records and publishes all situations when market participants are constrained on or off due to a SEAL event. - Please confirm if the results of RT LOC EOP calculations are published. If yes, in which report? - Can the Operating Profit function be represented by a simpler formula in the Market Rules for DAM Balancing Credit? We are happy to explore ways to simplify formulas and equations with the IESO. - Can Scenarios 1 and 2 of Appendix A be broken down into simpler calculations and have more examples provided? We are unable to follow the calculations, assumptions, and components used in the examples—more clarifications would be appreciated. - On slide 60 - Scenario 2: this seems to be a duplication from Scenario 1 and is not related to the calculation of DAM BC export—please confirm. - On slide 57: please confirm if "SQEI" in the formula should be DAM QSI > SQE<u>W</u> instead. - Both Scenario 1 and 2 are situations where DAM QSI is greater than SQEI/SQEW. Please confirm if the DAM Balancing Credit can ever negatively impact a Market Participant.

Modification to the Intertie Failure charges to Address Potential Gaming Issues

What feedback do you have on the design modification?

Section / Topic	Feedback
Click or tap here to enter text.	- Please provide a more detailed and explicit explanation of the failure charge formulas, with appropriate references in the same document (or same page if formatting permits). The current presentation of formulas is challenging for us to understand. To be clear, the formulas' variables are now explained in a separate document, which requires participants to go back and forth between documents to understand the changes presented by the IESO. As an example, please adopt the approach of math textbooks and provide the written names of each variable in a sidebar legend, as well as their own formulas in an annex close by (or on the following page). - The NISL is included as a variable within the formula of the intertie failure charges. Please provide examples where the NISL is binding for an entire hour, to show the NISL's impact on penalty charges. Please also provide, in the format described in the first paragraph, the formula that determines how the NISL and its impact on real-time pricing would be calculated. In turn, please show how this NISL cost would be added to the intertie import and failure charges. - Please explain what the settlement outcome for a marketer that has committed a day-ahead import transaction would be, if it is assessed a failure charge for an hour when the NISL is binding (which would send real-time prices higher). Would the associated NISL cost appear both in the real-time buyback of the day-ahead import MW <u>and</u> in the import failure charge? - Real world examples—or scenarios market participants are familiar with—would help communicate the formulas' application and illustrate their intended purpose. At the moment, the introduction of the DAM and its interaction with the RT market make comprehension particularly challenging. - More generally speaking, we would appreciate a webinar to specifically review the purpose of NISL in the context of Market Renewal, both conceptually and how it would be calculated. For example, a better understanding of how uplift charges and NISL charges would interact would be helpful. In addition, please provide a list of all possible penalties and charges that could be triggered by a failed intertie transaction.

Aligning ORA with MRP Design

What feedback do you have on the design modification?

Section / Topic	Feedback
Click or tap here to enter text.	On ORA Alignment: - Please confirm if there is a report that would identify the individual resources whose Allocated Quantity of Operating Reserve (AQOR) is greater than their Total Accessible Operating Reserve (TAOR). - Please confirm if the OR Standby payment clawbacks are calculated based on a RT LMP OR price specific for each class of OR. - Please confirm if information regarding the determination and reallocating of excess available headroom (REAH) are published. If yes, in which report? - Please confirm if the Economic Operating Point (EOP) in the calculation of Lost Opportunity Cost is a published result. If yes, in which report? - Can the Operating Profit function be represented by a simpler formula in the Market Rules for RT MWP Clawback? We would appreciate more clarification on this function as it is currently difficult to follow. - Please confirm if there are any penalties resulting from a failure to provide activated OR. If yes, how is it settled? What is IESO's timeframe for applying this penalty? - Please confirm if there is a report documenting ORA activation events.

General Comments/Feedback

- We are concerned by how ex-ante Market Power Mitigation, which can change a MP's offer and replace it with a reference level quantity, might cause a MP's total OR offers to be inconsistent with their total accessible OR quantity (e.g., resulting in over-commitment). Please provide sample calculations and scenarios to demonstrate that Market Power Mitigation would not unfairly penalize market participants for matters outside of their control.
- Please clarify how MaxCap would be calculated for hydro facilities with varying daily limits