

IESO Engagement

From: Mike Zajmalowski
Sent: December 4, 2020 1:34 PM
To: IESO Engagement
Cc: Tim Cary
Subject: Market Power Mitigation - Reference Levels - Comments re: Thermal workbooks/process

Hi

Please find below my general comments about the Thermal workbook as part of the MPM Reference Level framework.

- Cell A3 and B3 on tab “CostComponentsCT” - Reference Conditions for the Heat Rate curves & Ambient Correction Curves
 - Can the IESO explain what granularity it expects resources to provide this information. The variables that would impact heat rate is not only temperature but also humidity. A hot summer day of 30C with low humidity vs. high humidity will have different effects on overall capability. Similar to form 1230, I would suggest the IESO limit the granularity to every 5-10 Celsius chunks. Getting too granular will only create more problems than benefit.
- Cell G3 on tab “CostComponentsCT” - Start-Up Emission Costs (hot, cold and warm start)
 - Will the IESO be applying the same methodology as the RT-GCG Framework team has recently proposed in dealing with emission costs during start-up?
- Cell G4 on tab “DefnCostComponentCT” - Start-up Operating and Maintenance Cost
 - It states that “Costs associated with operating and maintenance of the resource during start-up of the resource from start initiation up until MLP as submitted in in Section E” If the intent is to capture costs incurred as a result of starting, then the IESO needs to look at the period of a cycle and not just the period from initiation to MLP which applies to the RT-GCG program. I don’t see the relevance to identifying only costs from initiation to MLP when considering the incremental O&M costs incurred during a cycle. Part of this would be answered if the IESO could point to the section where generators are able to get cost recovery for the costs outside of the period from “initiation to MLP”. However I don’t see where that is captured. For e.g. the period from the end of MGBRT to shutting down completely. Prior to the RT-GCG Framework where costs were pre-approved, generators would typically submit their per start cost as defined in their respective CSA/LTSA’s. However in the RT-GCG Framework the IESO determined that not all of those costs are incurred during the period from initiation to MLP. Instead only a portion of those costs are. I don’t think it was ever disputed that there were costs greater than what the IESO was pre-approving because generators could demonstrate that they were getting billed for those costs and were paying those costs, however it was that some of the “wear and tear” was occurring outside of the eligible period. Here you have an example of where a generator needs to get cost recovery for all variable O&M during their entire operation – known as cycling costs, however there isn’t really a place to get this costs validated if not in the start-up cost section. So while the section could stay named start-up costs, I believe the costs that should be permissible in this section are the variable O&M costs during the cycling period.

Thanks
Mike

Mike Zajmalowski | Director Market Compliance & Integration | Asset Management
Northland Power Inc.