

Memorandum

To: **MARKETS COMMITTEE**

Presenter: Michael Lyle, Vice President, Legal Resources and Corporate Governance
Chair, IESO Technical Panel

Date: May 31, 2022

Re: Improving Awareness of System Operating Conditions
Market Rule Amendments (Market Rule Amendment MR-00470-R00)

Purpose of Item: Recommendation for Approval to the Board

Executive Summary:

The IESO is seeking a decision from the IESO Board on a proposed market rule amendment that will improve situational awareness for the IESO and market participants and improve system reliability by allowing the IESO and market participants to respond to changing system conditions (MR-00470-R00). The Technical Panel unanimously recommended this proposal to the IESO Board for consideration.

Significant Issues, Risks and Opportunities:

The IESO informs stakeholders of system operating conditions through advisory notices and operating states. Recent operating events during extreme weather have high-lighted opportunities to improve what the IESO communicates to stakeholders.



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Background:

Presently, the IESO informs market participants of system and market conditions through publishing advisory notices and the use of grid operating states. Tighter system conditions and more frequent extreme weather events have increased the potential adverse impact of recognized contingencies on power system reliability. Awareness of these situations allows market participants to be informed, prepare their operations and take appropriate action which maintains reliability and enhances grid resilience.

Proposal and Analysis

The IESO is proposing to replace the current advisory framework with a new framework consisting of three types of advisory notices: Alert (Situational awareness to give time for advanced preparations), Warning (Potential for future action may be needed) and Action (IESO and/or market participants are taking action).

In addition, the IESO is proposing to introduce a new operating state, the Conservative Operating State which would be declared when there is a need to minimize potential risk to the grid or if there is a need to enhance the grid's resiliency due to actual or forecasted stressed system operating conditions. The Conservative Operating State will complement the existing operating states by providing an additional signal to the Ontario market when contingency events could be more severe than under a Normal Operating State. Market participants are supportive of this proposed operating state.

Next Steps / Implementation:

I recommend that the Markets Committee recommend that the Board accept the unanimous vote and recommendation of the Technical Panel to approve market rule amendment MR-00470-R00: Improving Awareness of System Operating Conditions with an effective date of June 27, 2022.

Requested Committee Resolution:

The Committee is asked to pass the following resolution:

CONCERNING MR-00470-R00: Improving Awareness of System Operating Conditions, which is a market rule amendment to change market rules related to Operating states and advisory notices.

WHEREAS the IESO is proposing to amend the market rules to improve situational awareness for the IESO and market participants.

WHEREAS the IESO is proposing to amend the market rules to improve system reliability and better allow the IESO and market participants to respond to changing system conditions.

WHEREAS the Technical Panel voted unanimously to recommend MR-00470-R00 for approval by the IESO Board.

WHEREAS the Markets Committee of the IESO Board recommended MR-00470-R00 for approval by the IESO Board.

NOW THEREFORE BE IT RESOLVED THAT the Board accepts the unanimous vote and recommendation from the Technical Panel and approves MR-00470-R00 to come into effect on June 27, 2022.

Michael Lyle

Cc: IESO Records

Encls.

a. Market Rule Amendment Proposal form

b. Technical Panel Materials

i. Memo to Technical Panel from IESO staff

ii. TP member Rationale

c. Stakeholder feedback summary, stakeholder engagement and Technical Panel

d. Consumer Impact Assessment