

Minutes of the IESO Technical Panel Meeting

Meeting date: October 10, 2023
Meeting time: 9:00 a.m.-10:50 a.m.
Meeting location: In-person and Video Conference

Chair/Sponsor: Michael Lyle
Scribe: Trisha Hickson, IESO

Please report any suggested comments/edits by email to engagement@ieso.ca.

| Invitees | Representing | Attendance Status Attended, Regrets |
|--------------------|--------------------------------------|--|
| Jason Chee-Aloy | Renewable Generators | Attended |
| Ron Collins | Energy Related Businesses & Services | Attended |
| Rob Coulbeck | Importers/Exporters | Attended |
| Emma Coyle | Market Participant Generators | Attended |
| Dave Forsyth | Market Participant Consumers | Attended |
| Jennifer Jayapalan | Energy Storage | Attended |
| Indra Maharjan | Market Participant Consumers | Attended |
| Nick Papanicolaou | Market Participant Consumers | Attended |
| Forrest Pengra | Residential Consumers | Attended |
| Robert Reinmuller | Transmitters | Regrets |
| Joe Saunders | Distributors | Attended |
| Vlad Urukov | Market Participant Generators | Attended |
| David Short | IESO | Attended |
| Michael Lyle | Chair | Attended |
| Secretariat | | |

| Invitees | Representing | Attendance Status Attended, Regrets |
|---------------------------------------|---------------------|--|
| Trisha Hickson | IESO | Attended |
| IESO Presenters | | |
| Stephen Nusbaum Dennis Chellakudam | | |

Agenda Item 1: Introduction and Administration

Trisha Hickson, IESO, welcomed everyone joining the meeting.

The meeting agenda was approved.

The September 12 meeting minutes were approved on a motion by Joe Saunders.

Introductory Remarks from the Chair:

The Chair, Michael Lyle, opened the meeting acknowledging a change to the Markets Committee membership, and reviewed the agenda.

Agenda Item 2: Engagement Update

Ms. Hickson reviewed the prospective Technical Panel (TP) schedule provided as part of the meeting materials. Ms. Hickson noted the upcoming October engagements and the posting of the engagement update to the IESO website in the coming days. In addition, an item was brought forward for Technical Panel input regarding the timing of engagement and TP education on the Transmission Rights Market Enhancements. Upon discussion with TP, it was determined to bring this item forward in the December agenda following stakeholder engagement in November.

Agenda Item 3: MRP Market and System Operations (MSO) Batch – Education

Stephen Nusbaum and Dennis Chellakudam, IESO, presented a high-level overview of changes being introduced via the MSO Batch and next steps.

The presentation is posted on the Technical Panel webpage.

Vlad Urukov commented on the increasing complexity of MRP changes happening at the same time, including new dispatch data parameters, the market power mitigation framework and another level of complexity for energy and operating reserve optimization. Mr. Urukov asked the IESO how it will ensure that the end result is what the design was meant to achieve with no adverse impacts.

Mr. Nusbaum acknowledged the level of complexity with MRP and responded that the IESO has been working with the hydro community to understand their concerns and to walk through additional scenarios related to new dispatch data parameters being introduced for hydro resources. In addition, the IESO has secured an independent third-party resource, PricewaterhouseCoopers, to review whether the calculation engines produce intended results per the design implemented. In April 2024, the IESO will bring forward a report to provide assurance that the tools are doing what they are

intended to do. If there are any specific concerns, the IESO is happy to hear them and discuss with stakeholders.

In relation to Dispatch Data Submission Windows (slide 9 – Dispatch Data Submission Windows), Mr. Urukov asked what happens if the resubmission is not satisfied. Mr. Chellakudam advised that the IESO will publish advisories if the IESO is looking to solicit dispatch data and reopen the submission window and those bids/offers will be accepted.

Dave Forsyth asked if Price Responsive Load's (PRLs) (slide 13 – New Participant Types) are required to submit an Availability Declaration Envelope (ADE) in the day-ahead market. Mr. Chellakudam advised that he will look further into this question, but mentioned that if PRLs establish an ADE, they're not participating in the real-time market, so it doesn't necessarily matter since they can't revise those offers in the real-time market.

Mr. Urukov asked if the existing multi-interval optimization (MIO) concept will change dramatically in the new single schedule calculations, and whether MIO will still impact schedules. Mr. Chellakudam indicated that MIO will still play a part in determining schedules and that the single pricing run will determine prices. Mr. Urukov followed up asking if in terms of logistical considerations, there would be a re-mapping up of non-quick starts. Mr. Chellakudam responded this will be addressed in an upcoming example in the presentation.

Ms. Jayapalan (slide 17 – Automation of Notices) asked for the IESO to elaborate on the automation of start-up or shut down of non-quick start resources. Mr. Chellakudam stated that when there is a binding start for a commitment in the day-ahead or pre-dispatch timeframes, the tools will issue start-up notifications 30 minutes before the hour. This is in contrast to today, where market participants call in to invoke generation cost guarantees. Further details on this process are specified in the market manuals.

With regard to the PD Intertie Scheduling Process (slide 18) and incremental imports and exports above the DAM-scheduled quantities being evaluated for only the first two hours of the PD look-ahead period, Mr. Urukov asked for the rationale in selecting those two hours. Mr. Chellakudam, explained this is to encourage participation in the day-ahead market and to ensure interties offering in are getting scheduled. Secondly, if there is a need to schedule additional resources, Ontario based resources will be scheduled first before including incremental transactions outside of Ontario to manage incremental MW required.

Mr. Urukov, inquired whether including incremental transactions outside of Ontario subsequently would change the order of resources scheduled. Mr. Chellakudam indicated those commitment decisions will be carried into those first two hours. If we made incremental commitments outside of those first two hours, the PD calculation engine would take into consideration those first two hours.

Mr. Urukov, ask for more information regarding surplus baseload generation (SBG) considerations, and whether there was consideration to include incremental exports to assist in resolving SBG. Mr. Chellakudam indicated that process is mostly manual and based on reliability assessments to assess what control actions exist prior to, for example, manoeuvring a nuclear resource during SBG conditions. Incremental exports will be enabled before taking that type of reliability action.

With regard to introducing the concept of Economic Operating Point (EOP – slide 21), Mr. Urukov asked for the IESO to provide clarity as to why multi-hour optimization could cause make-whole payments. Mr. Chellakudam indicated this most commonly occurs when an operator needs to take manual actions, and that the IESO has done stakeholder engagement, presenting this common

scenario and other examples on how EOP is used to facilitate make-whole payments. Mr. Urukov asked if MIO itself would cause make-whole payments. Mr. Chellakudam explained this shouldn't be the case if all constraints are modelled. It could be the case that MIO does not take a constraint into consideration, requiring the calculation of EOP to facilitate make-whole payments. Mr. Urukov asked how market participants will know this has taken place for transparency purposes. Mr. Chellakudam indicated reports will be made available, and that further details are available in the market manuals.

For Market Remediation Price Administration (slide 25), Ms. Jayapalan asked the IESO to expand on the new price administration methodology of using a similar delivery point, how the IESO determines this and how transparency would be provided to market participants. Mr. Nusbaum responded that this question would need to be taken back, and that more details will be provided.

For Market Suspension and Resumption (slide 27), Mr. Urukov asked for more details on how market participants are compensated during market suspension events. Mr. Nusbaum explained that broadly speaking, compensation is linked to price administration rules and that further information can be provided to the Technical Panel.

In relation to outage requests for Segregated Mode of Operation (SMO -slide 29) that require an outage to a critical transmission element, Mr. Urukov asked for clarity around what defines criticality and how market participants will know what is considered critical. Mr. Chellakudam stated that this process remains the same as it is currently. When a new piece of equipment gets registered, an outage reporting letter is sent to MPs indicating if something is critical, non-critical, or low impact.

At the conclusion of the presentation Ms. Jayapalan noted that the Q&A sessions for the Market and System Operations batch based on resource types were well done and were very helpful to participants.

On another note, Ms. Jayapalan noted a concern regarding a subset of energy storage participants, specifically those participants that will be new market participants entering the IESO markets around MRP go-live. She has concerns on how these participants will get up to speed on the new market, and whether they need to learn the old market or just the new market post go-live. Mr. Nusbaum acknowledged the comment, noting that new storage participants may require more focused education and training to participate in the markets around the time of transition from the old to new market. He indicated it is something the IESO has been discussing internally, and that the IESO will continue to consider this feedback and address it in its readiness activities.

Mr. Urukov, brought forward a concern regarding the tight timelines noted on the Next Steps slide – slide 34. He noted that if the IESO receives a lot of written comments by November 8th resulting in substantial changes to the market rules, whether there would be enough time noting the provisional Technical Panel vote to recommend in May, adding that the third-party review on the calculation engines must also be produced in April in advance of the TP provisional vote. Mr. Nusbaum acknowledged the concern and indicated that any third-party review feedback will likely be on the tools side as opposed to the market rules. In regard to incorporating stakeholder feedback in the market rules, by seeking written feedback by November, the IESO is confident that it provides enough time to make any amendments to the market rules in time for a Technical Panel vote to post in April, and May provisional vote to recommend. Mr. Urukov encouraged the IESO to continue to think through the schedule and to build in flexibility to ensure that the Technical Panel has sufficient time to review the market rule amendments and to feel confident that the issues have been addressed.

Ms. Savage added that the IESO has been thoughtful regarding the proposed schedule, and thus posted the MSO batch in July, encouraging stakeholders and the Technical Panel to get involved early in the review of market rules and manuals. Once written comments are received in November, the IESO will have a better sense of any issues or concerns raised. The Final Alignment batch will provide another opportunity to make further amendments to the market rules.

Agenda Item 4: Market Renewal Program – Final Alignment

Mr. Nusbaum provided an overview of the final alignment batch timelines and approach ahead of a more detailed discussion to come in the new year.

The presentation is posted on the Technical Panel webpage.

Mr. Urukov asked when reviewing the final alignment batch, how stakeholders will be able to distinguish between the three types of modifications (updates or corrections to earlier batches resulting from ongoing implementation and engagement, administrative “conforming changes” not included in any of the provisionally approved batches, and transitional market rules). Mr. Nusbaum stated that a summary of changes document will be provided explaining the nature of the changes, and that the IESO is open to input on additional ways to facilitate the review of this batch and ensure ease of review.

Mr. Chee-Aloy asked how the OEB will work through these rules in terms of approving and meeting timelines. Ms. Savage stated that the current timelines in place consider the amount of time required to complete the legislative process, following IESO Board approval of the market rules, OEB review period and 120-day application review period.

Mr. Nusbaum closed the presentation with a commitment to coming back in the new year to have a fulsome discussion to facilitate an effective review process for final alignment.

Mr. Urukov commented on the summer schedule for the review of MRP market rule amendments, noting the August vacation period. He asked the IESO to consider anything that can be done to improve the effective review of the market rules by the Technical Panel. Mr. Nusbaum acknowledged the request noting the volume of content, limited time for review, and that the IESO needs to work with the Technical Panel to make the process as efficient as possible.

Discussion of Upcoming Markets Committee/Technical Panel Meeting

Mr. Lyle reminded the Technical Panel of the upcoming joint Markets Committee/Technical Panel meeting on October 24, 2023, and indicated that the agenda will include a presentation on the role of the Technical Panel in reviewing market rule amendments, followed by an open discussion commencing with questions posed to the Technical Panel by the IESO Board Chair. Mr. Lyle acknowledged that an agenda would be shared ahead of time to ensure an engaging discussion.

Other Business

Update on Technical Panel Membership

Mr. Lyle acknowledged the two vacant seats on the Technical Panel and indicated that candidates are currently being considered for the Demand Response and Energy Related Businesses and Service positions. Mr. Lyle also acknowledged that Emma Coyle submitted her resignation, and that this would be her last Technical Panel meeting. The process to fill the Generator seat has commenced and an update will be provided at the next Technical Panel meeting.

Uninsured Liability Risk

Mr. Lyle provided an update on IESO activities in relation to obtaining Errors and Omissions (E&O) insurance. A memo is available on the Technical Panel webpage.

Mr. Urukov asked for clarification in that the IESO, in its previous set of market rules, was able to obtain "mere negligence" insurance and based on this update, "mere negligence" insurance is available; however, the market rules are not changing regarding gross negligence. Mr. Lyle explained that with this new policy, the IESO was able to obtain E&O insurance at the negligence standard. This was predicated on the IESO remaining at the gross negligence standard for market rules. That E&O standard covers a broader set of items than is covered by the market rules. There is a willingness to take on those other risks at a negligence standard, but not a willingness to take on those market rules related risks.

Mr. Urukov acknowledged and asked the IESO to communicate further for participants to ensure understanding as it seems with this change to the insurance policy there may be some process changes. Mr. Lyle acknowledged and committed to providing a response.

Adjournment

The meeting adjourned at 10:50 a.m. The next meeting will be held on December 5, 2023.

Action Item Summary

| Date | Action | Status | Comments |
|----------------|--|---------------|--|
| March 23, 2021 | In relation to MR-0448-R00 market rule amendments, the IESO will periodically review the availability of Error and Omissions insurance for negligence. | Open | Update provided during the October 2023 meeting. |