
FEBRUARY 13, 2024

Market Renewal Program – Market Power Mitigation and Settlements Update

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Objective

- To provide Panel members with an informational update on ongoing work for the Market Power Mitigation and Settlements batches since the Technical Panel's provisional recommendations on the respective market rule amendments



Market Power Mitigation Update

Recap: Market Power Mitigation

- A majority of the TP voted to provisionally recommend the draft market rule amendments for Market Power Mitigation (MPM) in March 2022; the IESO Board provisionally approved the amendments in August 2022
- As articulated in the IESO Board's reasons, IESO staff committed to the following (informed by the TPs input):
 - Continue working with suppliers to address concerns about the process for determining reference levels and reference quantities, in particular for hydroelectric resources
 - Review the circumstances under which an independent reviewer's finding will not be accepted through the independent review process (IRP), with the intent to limit such instances; and
 - Seek stakeholder comments on the criteria used to procure the independent reviewers

Update: Market Power Mitigation

- Since the provisional IESO Board approval, the IESO has:
 - Made significant updates to how reference levels for hydroelectric resources are determined to ameliorate stakeholder concerns
 - Significantly limited the circumstances under which an independent reviewer's finding will not be accepted and added a right for MPs and the IESO to request that a reviewer correct any errors or omissions; and
 - Solicited stakeholder feedback on the criteria used to procure independent reviewers.

Update: Market Power Mitigation

- In December 2023, the IESO introduced incremental refinements to the market rules, market manuals, reference level workbooks, and workbooks
- These most recent refinements are based on significant input from market participants through both reference level consultations and public comments, as well as internal feedback received in response to solution development and process design
- These refinements included:
 - New eligible costs for thermal resources and hydroelectric resources
 - Information regarding supporting materials for temporary reference level change requests for electricity storage resources
 - Updates in response to feedback received following the March 2023 stakeholder session
 - Various clarification, alignment, and other incremental enhancements

Update: Market Power Mitigation

Stakeholder Feedback:

- The comment period for the most recent updates to MPM draft market rules and market manuals closed on January 24, 2024

Independent Review Process

- The IESO posted a Request for Vendors of Record (“RVOR”) to establish a list of qualified experts for the IRP in December 2023 with the intent to close in early 2024
- The posting can be found: <https://www.merx.com/ieso> (reference RVOR 514)
- Any questions about the RVOR should be sent to nathan.king@ieso.ca and RFPinfo@ieso.ca

Next Steps

- The IESO is reviewing stakeholder comments and intends to post responses in February
- December market rule amendments to be included in the Final Alignment batch of market rule amendments for Technical Panel review
- Reference level consultations continue to progress
- RVOR submissions for the IRP will be evaluated on a rolling basis



Settlements, Metering and Billing Update

Update: Settlements, Metering and Billing

- In September 2023, the IESO published updated market manual and IESO charge types and equations documents. The updated market manual documents published are as follows:
 - Market Manual 5.6: Non-Market Settlement Program
 - Market Manual 5.7: Settlement Process
 - Market Manual 5.8: Settlement Invoicing
 - Market Manual 5.10: Settlement Disagreements

Update: Settlements, Metering and Billing

- In September and December 2023, the IESO proposed modification to the following settlement charges:
 - Corrections to DAM Balancing Credit formulas to align with design intent
 - Modification to Intertie Failure Charges to address potential gaming issues
 - Alignment of Operating Reserve Accessibility (ORA) with MRP design
 - Corrections to formula for non-dispatchable generators and electricity storage resources that are injecting

Update: Settlements, Metering and Billing

- Four (4) sets of submission were received with a total of 21 comments on market manuals, 170 comments on IESO charge types and equations and 27 comments on proposed modifications to settlement charges. A summary of the comments received is provided below:
 - Many clarification questions that have been addressed with explanation or confirmation
 - A few comments resulting in minor changes to market rules (e.g. variable definitions, additional clarification to draft, etc.)
 - A few comments related to Replacement Settlement System
 - A few questions on market participant readiness (e.g. sandbox testing)
 - No comments related to design concerns or outstanding issues to be addressed.

Update: Settlements, Metering and Billing

- On January 29, 2024, the IESO posted the following revised market rule and market manual documents to reflect the Sept/Dec modifications to settlement charges, to incorporate stakeholder feedback, and to make other consequential changes:
 - Chapter 9 and Chapter 9 Appendices
 - Market Manual 5.5 – IESO-Administered Settlement Amounts
 - IESO Charge Types and Equations
 - Summary of Changes
- Comments/feedback from stakeholders are due on February 26, 2024

Next Steps

- Stakeholder Comments on the January 29, 2024 publication of market rules and market manuals due on February 26, 2024
- January market rule amendments to be included in the Final Alignment batch of market rule amendments for Technical Panel review
- Continued collaboration on MRP settlement impacts between the IESO, OEB and EDA through the LDC-IESO MRP Preparedness Group