

# Market Renewal Program Feedback Form

## Market Renewal Implementation – Draft Market Power Mitigation Market Rules and Market Manuals – March 16, 2023

### Feedback Provided by:

Name: Kristine Liao

Title: Operational Effectiveness Supervisor

Organization: Ontario Power Generation

Email: [REDACTED]

Date: April 21, 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 incremental updates made to the draft Market Power Mitigation batch of Market Rules and Market Manuals amendments. The draft documents can be accessed from the [Implementation Phase documents webpage](#). Additionally, materials for the March 30, 2023 webinar where the IESO will provide an overview of the revisions and will be posted to the [engagement web page](#).

**Please submit feedback to [engagement@ieso.ca](mailto:engagement@ieso.ca) by April 21, 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.

## Market Rules – Chapter 7: System Operations and Physical Markets

What feedback do you have on the Chapter 7: System Operations and Physical Markets draft market rule amendments?

Section / Topic	Feedback
Section 22.4.5	<p>There is reference to the defined term <i>energy storage resources</i>, however, the term that has been in use is <i>electricity storage resources</i>. Energy storage resources is not a defined term in Chapter 11 from the Consolidated Batch.</p> <p>The energy storage resource terminology is used in two other instances in “Part 3 - Explanation for Proposed Amendment” in the red-lined statement for Section 22.4.5.</p>
Sections 22.5.1.2 and 22.5.1.4	<p>These two sections referred to other sections with no additional requirement, which indicates that:</p> <ol style="list-style-type: none"> <li>a. Sections 22.5.1.2 and 22.5.2, and</li> <li>b. Sections 22.5.1.4 and 22.5.3</li> </ol> <p>have the same content. Is there a need for Sections 22.5.1.2 and 22.5.1.4?</p>
Section 22.5.1.3	<p>The referenced Sections 22.1.1 and 22.3.3 are both part of the reference level registration process. Do these steps need to be repeated here?</p>
Section 22.5.2	<ol style="list-style-type: none"> <li>1. Under what condition would Section 22.5.2 be triggered? If the reference levels have been agreed upon between the IESO and the Market Participant (MP), why would there be an additional review of supporting documentations after the registration? The supporting documentation would have been reviewed and verified by the IESO prior to the approval and registration of the reference levels, based on requirements set out in Sections 22.2 to 22.4.</li> <li>2. If there is disagreement between the IESO and the MP regarding the updated reference levels calculated from Section 22.5.2, what options are available to the MP to dispute the outcome of the disagreement?</li> </ol>
Section 22.7.1.2	<ol style="list-style-type: none"> <li>1. The section reference has been updated from 22.8 to 22.7.2. Based on this update, Sections 22.7.1.2 and 22.7.2 have the same content.</li> <li>2. The rationale given in the <i>Summary of Market Rule Changes</i> is to correct the section reference. Does this correction remove the option to revise the Reference Quantity as a result of the Independent Review Process?</li> </ol>

Section / Topic	Feedback
Section 22.7.2	<ol style="list-style-type: none"> <li>1. Similar to the comment for Section 22.5.2, under what condition would Section 22.7.2 be triggered? If a reference quantity has been agreed to between the IESO and the MP, why would there be a need for additional review of supporting documentation? The supporting documentation would have been reviewed and verified by the IESO prior to the approval of the reference quantity, based on Section 22.6.</li> <li>2. If there is disagreement between the IESO and the MP regarding the updated reference quantity calculated from Section 22.7.2, what options are available to the MP to dispute the outcome of the disagreement?</li> </ol>
Section 22.8	<ol style="list-style-type: none"> <li>1. Please list the conditions that can trigger the Independent Review Process, such as during initial registration of reference levels and reference quantities, re-registration of reference levels and reference quantities as per Section 22.7.1.4, etc.</li> <li>2. Who can be the initiator of the Independent Review Process?</li> <li>3. The term "consultant" has been replaced by "expert". <ol style="list-style-type: none"> <li>a. Please provide the definition of an "expert".</li> <li>b. How does the IESO distinguish between a "consultant" and an "expert"?</li> <li>c. OPG proposes that "expert" be categorized as a defined term in the Market Rules.</li> <li>d. What is the rationale for the revision in terminology?</li> </ol> </li> <li>4. The term "review" has been replaced with "determination"; "determination" implies a binding process, as opposed to a "review", which does not. There is a conflict, as based on verbiage in Section 22.8, the result of the determination is not binding and can be rejected by the IESO. <ol style="list-style-type: none"> <li>a. How does this change in terminology impact the intent of the Independent Review Process?</li> </ol> </li> <li>5. Why do MPs not have the ability to reject an expert's findings, similar to that provided to the IESO in Section 22.8.11?</li> <li>6. What is the path forward if the IESO and the MP cannot come to agreement after all options provided in Section 22.8 have been exhausted?</li> </ol>

Section / Topic	Feedback
Section 22.8.10	<p>This section provides the IESO 15 business days, or 10 business days pursuant to Section 22.8.8, to reject the expert’s determination.</p> <ol style="list-style-type: none"> <li>1. There is no requirement in the Market Rules for the IESO to notify the MP of the rejection. This requirement is instead outlined in Market Manual 14.2 Section 3.5.4.2. OPG believes that the time requirement for the IESO to notify the MP of such a rejection should reside in the Market Rules instead of the Market Manual, as this is a governance requirement.</li> <li>2. Considering the potential financial impact of the rejection, which can be significant, OPG strongly recommends the IESO shorten the decision and notification periods (outlined in Section 22.8.10 and Market Manual 14.2 Section 3.5.4.2), so that the MP is promptly notified.</li> <li>3. Please see additional feedback regarding the decision and notification periods for rejection in the feedback for Market Manual 14.2 Section 3.5.4.2.</li> </ol>
Section 22.8.10.1	<ol style="list-style-type: none"> <li>1. What is the process for the IESO to decide if “the expert’s determination of that value contains a manifest error”?</li> <li>2. Would there be a process for the MP to dispute the above decision?</li> </ol>
Section 22.8.11	<p>“If the IESO rejects any values pursuant to section 22.8.10, the IESO shall, within 10 business days of its rejection, take steps pursuant to sections 22.8.3 to 22.8.5 to procure a new expert to <b>determine</b> the rejected values.”</p> <p>OPG suggests replacing “determine” with “review” or “evaluate” as “determine” does not align with the presumed intent of the statement (i.e., determine implies binding, and Section 22.8 as written does not imply a binding process).</p>

Section / Topic	Feedback
Section 22.8.14	<p>This section indicates that “The IESO may apply a <i>settlement</i> charge to the <i>market participant</i> equal to the amount charged to the IESO by the expert.”</p> <ol style="list-style-type: none"> <li data-bbox="553 289 1513 485">1. There can be numerous outcomes as a result of the <i>initial</i> Independent Review Process, e.g., finding in favour of the IESO, finding in favour of the MP, the process is discontinued as per Section 22.8.12. Would a settlement charge be applied to the MP regardless of the actual outcome of the <i>initial</i> Independent Review Process?</li> <li data-bbox="553 527 1513 642">2. In the instance where the expert finds in favour of the MP in the <i>initial</i> determination, but the IESO rejects the determination, would the MP be applied a settlement charge?</li> </ol>
Section 22.9.1	<ol style="list-style-type: none"> <li data-bbox="553 684 1513 793">1. OPG would like clarification on the rationale provided for the addition of this section, in addition to that given in the <i>Summary of Market Rule Changes</i>.</li> <li data-bbox="553 842 1513 993">2. Please provide additional details on how Market Control Entity (MCE) for physical withholding would apply to energy traders and virtual traders, as this has not been clearly outlined in the subsequent sections of Section 22.9.</li> <li data-bbox="553 1041 1513 1310">3. In the current batch of Market Renewal Market Rules, there is no physical withholding mitigation process for intertie activities or for virtual transactions. The application of MCE physical withholding mitigation for energy traders and virtual traders is not mentioned in <i>Market Power Mitigation Detailed Design Document Version 2.0</i>. These are new and impactful changes to the market design. Would these changes to Section 22.9.1 be stakeholdered separately?</li> <li data-bbox="553 1358 1513 1587">4. Section 22.9.3 stipulates that the following classes of market participants must register an MCE for physical withholding: dispatchable generator resources, dispatchable electricity storage resource and dispatchable load resource. How would this requirement be applied to energy traders and virtual traders with regards to the MCE for physical withholding?</li> </ol>

Section / Topic	Feedback
Section 22.10	<p>This section lists the market rules outlining the Potentially Constrained Area, Narrow Constrained Area and Dynamic Constrained Area. These designations correspond with the content in Market Manual 14.1, except for Broad Constrain Area, which is mentioned in the Market Manual but not in the Market Rules.</p> <p><i>Market Power Mitigation Detailed Design Document Version 2.0</i> Section 3.12 identifies Narrow Constrained Areas, Dynamic Constrained Areas and Broad Constrained Areas.</p> <p>Why is there the discrepancy in constrained area designation and terminology between Market Rule Chapter 7 Section 22.10, Market Manual 14.1 and <i>Market Power Mitigation Detailed Design Document Version 2.0</i> Section 3.12?</p> <p>Although there is no mention of the Broad Constrained Area in Market Rules Chapter 7 Section 22, it is noted the physical mitigation condition associated with the Broad Constrained Area is mentioned in Section 22.15.4.5.</p>
Section 22.13.1	<p>OPG appreciates the revision to the wording of non-financial reference level thresholds for ex-ante testing. However, there could be more direct language in how the thresholds are communicated in the market rules. For example:</p> <p><i>"minimum generation block run-time is greater than the lesser of 100% or three hours above the reference level value"</i></p> <p>could be revised to:</p> <p>22.13.1.1 <i>minimum generation block run-time is greater than the minimum of:</i></p> <p>22.13.1.1.1 100% of the <i>reference level value</i>; or</p> <p>22.13.1.1.2 three hours above the <i>reference level value</i>;</p> <p>The suggested revisions would provide unambiguous interpretation of the thresholds in the Market Rules.</p> <p>For clarity, can the IESO confirm that none of the thresholds have an "equal" component in the evaluation process, i.e., all thresholds are either "greater than" or "less than".</p>
Section 22.14.1	<p>There is reference to Appendices 7.5 and 7.5A. Appendices 7.5 and 7.5A in the Consolidated Batch is Version 81.0 from the current Market Rules. When will the revised appendices with Market Renewal content be available for stakeholder review?</p>

Section / Topic	Feedback
Section 22.15.12	<p>OPG requests the rationale for the removal of this section. The removal of this section is not in alignment with the condition for operating reserve physical withholding testing under the maximum area constraint, provided in <i>Market Power Mitigation Detailed Design Document Version 2.0</i> Section 3.6.2.1:</p> <p>“If there is a binding MAX constraint on a reserve area, resources in that reserve area will be unable to provide additional operating reserve in that reserve area. These resources will be unable to exercise market power due to their inability to provide incremental operating reserve. Therefore, such resources will not be tested for local market power mitigation for operating reserve.”</p>

## Market Rules – Chapter 11: Definitions

What feedback do you have on the Defined Terms?

Section / Topic	Feedback
General	<p>There is format inconsistency in referencing the different classes of operating reserve, e.g., “10-minute” vs “ten-minute” and “5-minute” vs “five-minute”. OPG recommends aligning to one formatting. OPG further recommends the numerical format for “10-minute” and “30-minute” as it is the format that is more prevalent.</p>

## Market Manual 14.1

What feedback do you have on draft Market Manual 14.1?

Section / Topic	Feedback
General	<p>There is inconsistency with the Market Rules Chapter and section reference format used, e.g., “ss.x” vs “s.x”, “Ch.x” vs “Ch. x” and “App.x” vs “App x”. OPG recommends alignment to one reference format consistent with other Market Renewal Market Manuals.</p>

Section / Topic	Feedback
Section 2.2.2	<ol style="list-style-type: none"> <li>1. The revision of two business days to two calendar days for ad-hoc updates to come into effect decreases the time period where MP can integrate the updated information. There is different personnel availability between a business day and a calendar day that is a non-business day. OPG recommends the IESO to reverse this revision.</li> <li>2. OPG recommends revising “thirty” to “30” in the following sentence: “NCA designations in the IESO’s report on NCA designations will come into effect no sooner than <b>thirty</b> business days following the publication of the IESO’s report on NCA designations.”</li> </ol>
Section 5	<p>“The IESO may assess <i>physical withholding</i> by a resource in both or either of the <i>day-ahead market</i> and the <i>real-time market</i> for a <i>dispatch day</i>. If the IESO selects a single market, the IESO will deem the MWs withheld in the other market to be 0 for all relevant <i>dispatch hours</i> when calculating the ex-post mitigation for <i>physical withholding settlement amount</i>.”</p> <ol style="list-style-type: none"> <li>1. What is the impact of the ex-post testing on the single market if the MW withheld in the other market is not set to zero?</li> <li>2. With reference to the above statement, under what condition would the IESO select a single market for ex-post mitigation testing?</li> <li>3. It is understood that the Day-Ahead Market (DAM) and Real-Time Market (RTM) are separate markets and mitigation testing will be performed separately within each market. Under what condition(s) would the ex-post mitigation testing result of one market be taken into account in the ex-post mitigation testing of the other market (as indicated by explicit requirement of setting MW withheld to 0 in the single market testing situation)?</li> <li>4. Would the IESO perform ex-post mitigation testing on the other market after the testing on the initial market? For example, the IESO performs an ex-post mitigation testing on the DAM MW offers while holding the MW withheld in the RTM as zero. Regardless of the outcome of the ex-post mitigation testing for the DAM MW offers, would the IESO then perform the same test for the RTM, but holding the MW withheld value in the DAM as zero?</li> <li>5. What is the treatment for the MW withheld in each market if the IESO performs ex-post mitigation testing on the DAM and RTM at the same time?</li> </ol>



Section / Topic	Feedback
Section 5.4	The BCA acronym is not defined in its first mention in the Market Manual.
Section 5.6.3.(1).b	OPG recommends the addition of "ii" bullet point for the Local Market Power condition under the offers for operating reserve.
Section 5.7.1	<p>"Calculation of the persistence multiplier excludes instances when an ex-post mitigation for <i>physical withholding settlement amount</i> is reversed as a result of a <i>notice of disagreement</i>."</p> <p>If this reversal is made after the persistence multiplier has been applied in the calculation of the physical withholding settlement amount, and the MP has been paid this settlement amount, would the IESO re-assess the paid settlement amount as a result of the Notice of Disagreement reversal, i.e., would the reversal of the persistence multiplier be retroactive for previously paid physical withholding settlement amount?</p>
Section 6	Please refer to the feedback for Section 5 above, but with regards to intertie economic withholding.
List of Acronyms	<p>Editorial suggestions:</p> <ol style="list-style-type: none"> <li>1. SF is not used in the Market Manual, suggest removal from the list;</li> <li>2. Suggest adding BCA, DAM, OR and RTM in the list.</li> </ol>

## Market Manual 14.2

What feedback do you have on draft Market Manual 14.2?

Section / Topic	Feedback
General	There is inconsistency with the section reference format used, i.e., "ss.x" vs "s.x" for the Market Rules chapters. OPG recommends alignment to one reference format consistent with other Market Renewal Market Manuals.
General	<p>The terms "10-minute operating reserve" and "30-minute operating reserve" have been revised to "ten-minute operating reserve" and "thirty-minute operating reserve" in Sections 3.2.1, 8.1.2, 9.1.5 and 9.7.1.</p> <p>OPG suggests adhering to the numerical format when referring to the different classes of operating reserve.</p>
Section 2.1.2, Table 2-1	The MLP acronym is not defined in its first mention in the Market Manual. The acronym is defined in Section 3.2.1.

Section / Topic	Feedback
Section 3.1	The CPI acronym is not defined in its first mention in the Market Manual. The acronym is defined in Section 3.2.
Section 3.2	<ol style="list-style-type: none"> <li data-bbox="553 285 1463 359">1. The inflation adjustment equation using CPI appears to be missing from the fifth bullet point in this section.</li> <li data-bbox="553 405 1495 478">2. OPG suggests aligning the indentation for the sub-bullet points under the fifth bullet point.</li> </ol>
Section 3.5.1	The first sentence refers to “an expert review”. The corresponding Market Rules Chapter 7 Section 22.8 has replaced the term “review” with “determination”. OPG recommends aligning the terminology used for the Independent Review Process between the Market Rules and the Market Manual.
Section 3.5.2	OPG notes that a comment regarding the availability of IESO FORM [*] for stakeholder review was submitted in respond to the July 21, 2022 posting of Market Power Mitigation Market Rules update. Would the IESO provide a timeline for the availability of the IESO FORM [*]?
Section 3.5.4.2	<p data-bbox="505 949 1500 1022">This section indicates that the IESO will notify the MP of a rejection within 15 business days of receiving the determination.</p> <p data-bbox="505 1068 1500 1178">Market Rules Chapter 7 Section 22.8.10 provides the IESO 15 business days, or 10 business days pursuant to conditions in Section 22.8.8, to reject the expert’s determination.</p> <p data-bbox="505 1224 1500 1457">Are the two notification periods concurrent or consecutive to each other? If the two notification periods are consecutive, it is possible that the MP would not be notified of a rejection until 30 business days has passed. This would have significant negative impact on an MP’s position with regards to the Independent Review Process and subsequent financial implications in market operations.</p>

Section / Topic	Feedback
Section 3.5.4.3	<p>Considering the potential (and significant) financial impact as a result of a change to the reference level and/or reference quantity, the time allowance of 20 business days for the IESO to register this change after an expert's initial determination is too long.</p> <ol style="list-style-type: none"> <li>1. OPG recommends the IESO to revise this time period to 10 business days, to align with the original time period requirement.</li> <li>2. Similar to the notification time period to the MP for Independent Review Process rejection, the registration time requirement falls under governance and should be outlined in Market Rules Chapter 7 Section 22, rather than in the Market Manual.</li> </ol>
Section 4.1	<p>Similar to the comment for Chapter 7 Section 22.14.1, Appendices 7.5 and 7.5A in the Consolidated Batch is Version 81.0 from the current Market Rules. When will the revised appendices with Market Renewal content be available for stakeholder review?</p>
Section 6.3	<p>The O&amp;M acronym is already defined in Section 3.2.</p>
Section 6.4.4.2	<p>The ICE acronym is not defined in its first mention in the Market Manual. The acronym is defined in Section 6.4.4.3.</p>
Section 7.1.7.1 - Combined Cycle Steam Resources and Fossil or Biomass Steam Resources	<p>OPG suggests using full form for the bullet point "PA/ID/FD Fan repairs".</p>
Section 7.2.2.1	<p>OPG suggests removing the HPU acronym as it is only used once in the Market Manual.</p>
Section 7.2.5.2	<p>Following-up on the feedback from August 5, 2022, when would the values for the energy offer reference level adders (\$X and \$Y) for the hydroelectric cascade systems be available for stakeholder review?</p>
Section 7.9	<p>The MGBRT acronym is already defined in Section 3.2.1.</p>
Section 7.10.3	<ol style="list-style-type: none"> <li>1. What is the expected volatility of reference level prices day-over-day after Market Renewal?</li> <li>2. Has the IESO analyzed the financial impact of the use of the alternate reference level value data on market operation and its impact on MPs?</li> </ol>

Section / Topic	Feedback
List of Acronyms	Editorial suggestions: <ol style="list-style-type: none"> <li data-bbox="553 247 1479 321">1. GOG is only used once in the Market Manual, suggest deleting from the list.</li> <li data-bbox="553 369 1479 443">2. Suggest adding CPI, GRC, NFRL, NRCan, RL, SNL and WACOF to the list.</li> </ol>

## General Comments/Feedback

OPG appreciates the IESO’s revision of Market Rules and Market Manuals content, made partly in response to external feedback through the reference level discussions with MPs. OPG encourages the IESO to continue to work with MPs to ensure the Market Rules and Market Manuals for Market Power Mitigation reflect the market operation and uniqueness of various types of resources that participate in the Ontario electricity market.