

Energy Work Stream – Stakeholder Engagement Session

September 20, 2018

Date held: September 20, 2018	Time held: 9 am – 3 pm	Location held: Holiday Inn, Pearson International Airport
Company Name	Attendees	Attended (A); Webex (Webex)
ABB	Saigal, Mohit	Webex
ADG Group Inc.	Cai, David	Webex
AMP Energy	Luukkonen, Paul	A
AMPCO	Anderson, Colin	A
AMPCO	Forsythe, Dave	A
AMPCO	Wright-Hilbig, Rhonda	A
Bruce Power	Dalzell, Pat	A
CanWEA	Giannetta, Brandy	Webex
Capital Power Corporation	Cassidy, Neil	A
Capital Power Corporation	Jessa, Riaz	A
Charles River Associates	Cary, Robert	Webex
Connor, Clark & Lunn Infrastructure	Woomert, John	A
CustomerFirst	Major, Candace	Webex
Customized Energy Solutions	Withrow, David	Webex
Emera Energy	Ferguson, David	A
Emera Energy	Maddison, Michel	A
EnerNOC	Griffiths, Sarah	Webex
Goreway Power Station	Sutherland, Chris	Webex
HECS	Harrison, Ken	Webex
HQEM	Bélanger, Frédéric	Webex
Ivaco Rolling Mills	Abdelnour, Francois	A
J. A. Hunter Inc.	Hunter, Art	Webex
Alectra	Patel, Piyush	Webex
London Economics International LLC	Hariri, Adam	Webex
MAG Energy	Bordeleau, Patricia	Webex
MAG Energy	Villeneuve, Alexandre	Webex
Market Surveillance Panel	Deweese, Don	A
Ministry of Energy, Northern Development and Mines	Adi, Sana	A
Ministry of Energy, Northern Development and Mines	Freeman, David	Webex

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Ministry of Energy, Northern Development and Mines	Zerek, Peter	A
MIT	Koizumi, Shigeru	Webex
Nalcor Energy Marketing	Martin, David	Webex
Nexus Energy	Tardif, Francois	Webex
Northland Power	Samant, Sushil	A
Ontario Mining Association	Brownlee, Cheryl	Webex
Ontario Power Generation	Beard, Amy	Webex
Ontario Power Generation	Mo, Herman	A
Ontario Power Generation	Wizniak, Lynn	A
OWA	Norris, Paul	Webex
Peak Power Inc.	Pohlod, Michael	A
Power Advisory LLC	Cumming, Alison	A
RC Energy Markets Consulting	Coulbeck, Rob	Webex
Resolute Forest Products	Degelman, Cara	Webex
Suncor	Forgie-Thomson, Pam	Webex
Tahoe Canada	Armitage, Bruce	Webex
Tidal Energy Marketing	Johnsen, Wes	Webex
TransAlta	Codd, Chris	Webex
TransCanada Energy Ltd.	Kuntz, Margaret	A
TransCanada Energy Ltd.	Luthra, Amit	Webex
TransCanada Energy Ltd.	Van Norman, Tom	Webex
TransCanada Energy Ltd.	Vasquez, Noralyn	Webex
TSI Service Management Inc.	Malka, Maurice	Webex
Union Gas	Dent, Dave	A
Workbench Corp	Jayapalan, Jennifer	Webex
FTI	Harvey, Scott	A
FTI	Pope, Susan	A
IESO	Ellard, Barbara	A
IESO	Gojmerac, Mark	A
IESO	Grbavac, Jason	A
IESO	Matsugu, Darren	A
IESO	Kamstra, Pat	A
IESO	Kandola, Shanjeet	A
IESO	Zubyck, Laura	A

Please report any corrections, additions or deletions by e-mail to engagement@ieso.ca.

All meeting material is available on the IESO website at: <http://www.ieso.ca/Sector-Participants/Market-Renewal>

Introduction and Review of Agenda – Jason Grbavac, IESO

The IESO welcomed participants and reviewed the agenda for the meeting.

Enhanced Real-time Unit Commitment (ERUC) – Pat Kamstra, IESO

The IESO led stakeholders through a discussion on recent stakeholder feedback for ERUC as well as the Look Ahead Period, Timing and Frequency, and Intertie Transactions design elements.

A participant asked when initial offers for a particular day would be submitted and if this would include daily generator data.

The IESO replied that initial offers for the day-ahead (DA) period will be submitted in the morning of the DA and will include daily generator data.

A participant asked if a resource could get a DA schedule but no real-time (RT) dispatch if prices go down.

The IESO replied in the affirmative and that in this case participants will buy out of their DA schedule.

A participant asked if the IESO will settle pseudo units on a physical basis or on a pseudo unit basis.

The IESO replied that this has not yet been determined but that it will follow-up with stakeholders on this.

A participant asked what happens if a unit is late getting to its minimum loading point (MLP) but still needs to run for its entire minimum generation block run time (MGBRT).

The IESO responded that the operational constraint will be manually adjusted to ensure the unit's operational restrictions are respected but this will not change the commitment period.

A participant asked if dispatchable loads could be synchronized ahead of the hour.

The IESO replied that a dispatchable load will receive an advisory schedule and is required to follow its dispatch in RT.

A participant noted that the IESO's proposal to assess high ramp-down offers for market power may impact clean energy supply (CES) contract holders and their availability. Another participant noted that generators with CES contracts will have their contract payments negatively impacted if they submit outage information to ramp down.

The IESO thanked the participants for their comments.

Editor's Note: As described in the presentation, a ramp-down offer that is assessed to be an exercise of market power will be mitigated. This may require the generator to continue operating. If a generator is unable to operate, it must submit outage information.

A participant asked if the IESO could provide several scheduling scenarios, including how variable resources paired with storage could offer into the DAM.

The IESO replied that it will take this request back for consideration.

Congestion Rents and Loss Residual Zonal Disbursement Methodology – Jonathan Scratch, IESO

The IESO led stakeholders through a discussion of the Congestion Rents and Loss Residuals Zone Disbursement Methodology.

A participant asked how residuals are calculated.

The IESO replied that residuals are based on the load-weighted price in every interval and these are calculated and distributed on a quarterly basis.

A participant commented that long-run efficiency should not be used to determine the residual disbursement methodology as it will have no impact on long-term investment decisions.

The IESO replied that though the impact of long-run efficiency on long-term investment decisions may be small it should still be a consideration.

A participant noted that the IESO should consider long-run efficiency in the residual disbursement methodology after providing an analysis of its magnitude. Another participant asked what the difference is between long-run and short-run efficiency.

FTI replied that long-run efficiency refers to long-term price signals applicable to new investment decisions whereas short-run efficiency refers to daily or hourly price signals.

A participant noted that the IESO should consider competitiveness with other jurisdictions as an important factor in pricing and residual disbursement decisions.

The IESO thanked the participant for their input and comments.

A participant asked if the supply-weighted line on slide 10 includes new make-whole payments resulting from the elimination of CMSC.

The IESO replied that it will have to review, but that make-whole payments from the elimination of CMSC have been calculated to be at most \$3M which is not enough to substantially move the supply-weighted line.

A participant asked if the IESO made any assumptions on DAM participation for the analysis on slide 10.

The IESO replied that it used RT nodal prices for the resettlement calculation as these are typically more volatile than DAM prices.

A participant asked if not distributing residuals would result in a more efficient price signal and if residuals are a mitigation strategy to transition to locational pricing.

The IESO replied that residuals are a reality of locational pricing and that there is no option to not give the residuals back.

A participant asked if residual disbursement eligibility considers different subsets of consumers such as loads association with generation.

The IESO replied that it will review eligibility for subsets of load in Detailed Design.

A participant asked how the frequency of residual calculation can affect residual disbursement.

The IESO replied that in determining an average price in each zone a lower calculation frequency can mute occasional price spikes leading to changes in residual disbursement.

A participant asked if residuals could be negative.

The IESO replied that it did not see any instances where residuals would have been negative, but it will review to determine if this is theoretically possible.

A participant asked where the supply-weighted line on slide 15 is.

The IESO replied that it would be located in the same location as on slide 10.

A participant noted that a uniform price resulted in the lowest price for all loads and on this basis is more important than short-run efficiency and locational marginal pricing.

The IESO replied that with zonal pricing loads in the northwest and northeast would see lower prices than with uniform pricing.

Several participants asked what the difference between disbursing residuals on a monthly vs quarterly basis would be and noted that it would be more practical and less confusing from a reporting perspective if residuals were disbursed monthly.

The IESO replied that post-rebate prices are 9% closer to pre-rebate prices for quarterly disbursement and that disbursing residuals on a different frequency than they are calculated introduces complexity for settlement, but this can be discussed further in Detailed Design.

A participant noted that short-term efficiency benefits for loads are likely to be small as they are not very price responsive at a maximum market clearing price (MMCP) of \$2000/MWh. Another participant replied that the value of short-run price signals may be greater in the future than it is now due to long-term changes in the market.

The IESO replied that with demand response (DR) and the Industrial Conservation Initiative (ICI) responses by loads are increasing.

A participant noted that DR and ICI participants are not energy price responsive, they are capacity providers and in most cases capacity prices effectively are well in excess of MMCP.

The IESO thanked participants for their feedback and multiple viewpoints.

Editors note: the topic of efficiency in pricing and residual disbursement continues in considerable detail in written stakeholder remarks and IESO responses, which can be found [here](#).

Intertie Congestion Pricing – Jonathan Scratch, IESO

The IESO led stakeholders through a discussion of Intertie Congestion Pricing.

A participant asked if exports contribute to residuals and if they will receive disbursements.

The IESO replied that exports pay the marginal costs of congestion and losses so they do contribute to residuals but they will not receive disbursements as these go to transmission owners (Ontario load).

A participant asked if an Import Offer Guarantee (IOG) is needed in RT with the introduction of the DAM.

The IESO replied that the RT IOG remains a valuable tool to promote reliability in real-time.

A participant asked if internal resources have the same congestion rules as imports and exports.

The IESO replied that the congestion component across interties applies only to imports and exports.

A participant asked if the decision on intertie congestion pricing is final.

The IESO replied that this decision will be reflected in the SSM High Level Design document for further stakeholder comment.

Recap of Market Power Mitigation Decisions and Guidelines – Jonathan Scratch, IESO

The IESO led stakeholders through a discussion of Market Power Mitigation decisions and guidelines.

A participant asked if dispatchable loads with buyer side market power had an incentive to decrease their bids to reduce costs.

The IESO replied that it will explore creating rules for this and other unlikely scenarios for completeness.

A participant asked if past behavior would be reviewed before mitigating dispatchable load as there might be legitimate reasons to change bids to ensure continued operations.

The IESO replied that that will be discussed in Detailed Design.

SSM High Level Design Document: Introduction to the Review Process – Jonathan Scratch, IESO

The IESO led stakeholders through an introduction to the High Level Design (HLD) review process for the SSM.

A participant asked if the HLD would contain detail beyond what has already been presented to stakeholders.

The IESO replied that it would not.

Detailed Design Phase - Barbara Ellard, IESO

The IESO provided stakeholders with an overview of the process of transitioning from the HLD to the Detailed Design phase of Market Renewal, including the proposed structure for engagement.

A participant asked how seams issues between Detailed Design work packages will be managed.

The IESO replied that it has done an early assessment of seams issues and it will continue to ensure that work packages are coordinated and hang together.

A participant noted that an issues list will be important in Detailed Design.

The IESO asked stakeholders to submit feedback on issues management in Detailed Design.

A participant asked how contract management will be included in Detailed Design.

The IESO replied that this is still to be determined.

A participant asked if external consultants will be engaged during Detailed Design.

The IESO replied that they will be and that it will conduct an outreach campaign to ensure broad participation with stakeholders.

Day-Ahead Market (DAM) – Mark Gojmerac, IESO

The IESO led stakeholders through the DAM project plan as well as preliminary decisions on Global vs. Zonal IESO Load Forecasts, Two Settlement for Hourly Demand Response (HDR) Resources, Optimization of Energy Limited Resources (ELRs), and Make-Whole Payments.

A participant asked why the IESO forecasting methodologies are being re-evaluated.

The IESO replied that the accuracy of the load forecast at a more granular level will be more important with the introduction of a day-ahead market with locational pricing. Embedded and variable generation are also creating new challenges and more data is needed to produce a better forecast.

A participant asked how zonal load forecasting would improve DA unit commitment.

The IESO replied that a more accurate load distribution will better reflect bottling of generation and should send better price signals to determine unit commitment.

A participant asked if the IESO will relax wholesale metering requirements if it exposes HDR resources to two-settlement.

The IESO replied that metering challenges have been raised at the Demand Response Working Group and will be discussed further during the Detailed Design phase of the Market Renewal Program.

A participant asked how DR could be exposed to a DAM position without a meter.

The IESO replied that it is having ongoing discussions on how to best work through this seams issue.

A participant noted that dispatchable loads, thermal units, and future technologies may have forbidden regions and suggested selecting a vendor that can accommodate these resources.

The IESO agreed and indicated that it will discuss this capability with the vendor.

A participant asked if energy storage or other ELRs will be included in the vendor RFP.

The IESO replied that the Energy Storage Advisory Group is addressing barriers to market participation for energy storage and the Non-Emitting Resources Subcommittee is addressing a broader set of resources and how they interact in the market. The IESO is making efforts, where appropriate, to align these initiatives with the Market Renewal Program.

A participant noted that the Day-Ahead Commitment Process (DACP) approximates ramps to ensure continuity in scheduling and asked if this would continue in the DAM.

The IESO replied that detailed design will explore the possibility for participants to provide ramp information in the DAM rather than using an approximation.

A participant asked if participation in the DAM was voluntary for variable resources.

The IESO replied that participation in the DAM is voluntary for all resources. However an obligation to participate may exist for resources that clear the future ICA.

A participant asked if resources can offer into RT if they do not participate in the DAM.

The IESO replied that participation in both timeframes is voluntary.

A participant noted that after-the-fact assessment for physical withholding may be appropriate if a resource does not submit offers in both timeframes.

The IESO responded in the affirmative.

Conclusion and Next Steps – Jason Grbavac, IESO

The IESO thanked all participants and reiterated that all design decisions shared today are preliminary and that the IESO welcomes feedback from all stakeholders before moving to the final decision phase. Feedback should be sent to engagement@ieso.ca and is appreciated on or before October 18, 2018.

Meeting sessions adjourned at 2:15 p.m.

Responsible Party	Action Item
Enhanced Real-time Unit Commitment	
IESO	Determine if pseudo units will be settled on a physical basis or on a pseudo unit basis.
IESO	Provide several scheduling scenarios including how variable solar and renewables paired with storage could offer into the DAM.
Congestion Rents and Loss Residual Zonal Disbursement Methodology	
IESO	Review residual disbursement eligibility for different subsets of consumers such as loads association with generation in Detailed Design.
IESO	Determine if it is theoretically possible for residuals to be negative.
Detailed Design Phase Discussion	
All Stakeholders	Submit feedback on issues management in Detailed Design.