

# Market Development Advisory Group (MDAG)

## Meeting Notes - April 16, 2019

### Minutes of Meeting

<b>Date held:</b> April 16, 2019	<b>Time held:</b> 1:00pm – 5:00pm	<b>Location held:</b> Vantage Venues
<b>Invited/Attended</b>	<b>Company Name</b>	<b>Attendance Status</b> (A) Attended; (R) Regrets; (S) Substitute; (TC) Tele-Conference
Wray, Chris	Alectra	A
Anderson, Colin	AMPCO	A
Butters, David	APPrO	A
Palimaka, Alex	Bluewater Power	A
Giannetta, Brandy	CanWEA	TC
Chee-Aloy, Jason	Consortium of Renewable Generators and Energy Storage Providers	A
Clemenhagen, Barbara	Customized Energy Solutions	TC
Griffiths, Sarah	Enel X	A
Anthofer, Jeff	Gerdau Ameristeel	A
Belanger, Frederic	HQ Energy Marketing	A
Deweese, Donald	Market Surveillance Panel	A
Samant, Sushil	Northland Power	A
Coulbeck, Rob	Ontario Energy Association	A
Wizniak, Lynn	Ontario Power Generation	A
Pohlod, Michael	Peak Power	A
Viswanathan, Samira	Power Consumer	A
Codd, Chris	TransAlta	TC
Kuntz, Margaret	TransCanada Energy	TC
Pagnutti, Jeffrey	Vale Canada	A
Leonard, Ted	Rodan Energy	A
Barbara Ellard	IESO	A
Tom Chapman	IESO	A
Jessica Savage	IESO	A
Jason Grbavac	IESO	A
Mark Hartland	IESO	A
Jason Kwok	IESO	A
Hok Ng	IESO	A
Reena Goyal	IESO	A
Christina Cowx	IESO	A

## **Welcome**

Jason Grbavac welcomed members to the first Market Development Advisory Group (MDAG) meeting, provided a quick overview of the agenda, and thanked members for their support towards IESO engagement initiatives.

## **Purpose of MDAG**

Barbara Ellard, Director of Markets and Procurements, provided members of the MDAG with a brief overview of the purpose of the MDAG, which is to help the IESO evolve the electricity market beyond the foundation being put in place by the Market Renewal Program (MRP). A key part of this work will be to help the IESO prioritize its Markets evolution efforts.

## **Terms of Reference Review**

Jason Grbavac discussed with members of the group changes made to the initial Terms of Reference (ToR), which are to be reviewed and finalized with members at the next meeting. The first change to the ToR is that the document will be reviewed annually. This will help to ensure that the scope of the MDAG continues to be relevant to the current and future Ontario electricity market place. The second update was made on membership criteria. And the final change was on alternates attending meetings on behalf of members.

A member asked if the IESO could provide clarity on how long it is envisioned the MDAG will be active.

*The IESO responded that at this time there is no end date as the purpose of MDAG is to look at market evolution, which in itself is continuous.*

A member asked if the IESO could consider removing the term “in-flight” as it might be confusing to some what that means exactly.

*The IESO has removed that term in the draft being presented at the May 30 meeting as the final version.*

## **Purpose of the MDAG**

Tom Chapman, Senior Manager of Market Development and Strategy provided a brief overview of the IESO’s perspective on markets and how the IESO is viewing market

development initiatives. Some insights were provided into the criteria and thought processes the IESO goes through when looking at implementing changes to the market place.

Questions and comments members had on this topic included: will out-of-market products, such as contracts, be considered at the MDAG; how will key policy drivers be considered to ensure an efficient and competitive market; and if the IESO will continue to be the planning and procurement agency for the bulk of the products or alternatively if buyers will be enabled to play a more active role in the unbundled markets.

*The IESO explained that the purpose of this group is to advance and evolve the market by enabling more competition and facilitating transparent prices that signal system needs. Where externalities exist in the form of policies, programs or contracts, there is a role for this group to discuss the impacts on the market and its alignment with the IESO's market vision. It is not envisioned that this group will be dissecting or discussing these externalities in the absence of its impact to the market. The IESO noted that the purpose of the MDAG is to have conversations on issues such as whether buyers will be able to play a more active role in the unbundled markets and to explore what opportunities and limitations may exist.*

Other comments members had included: delivering value does not imply the lowest cost but the most cost efficient outcome, and that consumer values may differ from those of the IESO.

*The IESO agrees that the focus of the Market is to deliver value but that values may also change depending on the consumer. It is important to the IESO that individual consumers are able to express their preferences, which at this moment in the Ontario Market is only done in a limited way. There are potential opportunities to allow those expressions to be represented in the market place and for participants to derive what they consider as utility value out of the system.*

## **Dispute Resolution Panel Recruitment**

Reena Goyal and Brian Casey discussed with members of the MDAG that the terms of most of the existing Dispute Resolution Panel (Panel) members will be expiring in June 2019, and presented a proposed recruitment process for new appointments to the Panel. Reena is the Senior Manager of Market Rules & Dispute Resolution, and Brian Casey is the expert arbitrator that the IESO Board has retained for the purpose of assisting the Board in developing the criteria to be used for the new appointments to the Panel.

Questions MDAG members had on this topic included: whether a Code of Conduct already exists for Panel members; whether the proposed criteria was being developed for the first time; and, whether the IESO is looking for Panel members to act as both a mediator and an arbitrator.

*The IESO responded that there is no Code of Conduct in place, but is currently being developed and will be brought to the IESO Board for approval in June 2019. Although this is the first time a comprehensive list of recruitment criteria is being developed, the Governance & Structure By-Law has always required Panel members to “have both experience in the arbitration or mediation of disputes and a level of knowledge of the technical and commercial aspects of electricity markets acceptable to the Board”. Lastly, the IESO is looking for candidates who are able to act as either a mediator or arbitrator; there may be candidates who can do both but will be acting only as either one or the other in a particular dispute.*

## **Markets and Acquisition Workplan**

Mark Hartland, Advisor of Market Strategy, provided a conceptual overview of the Workplan and walked through the approach that will be taken for research initiatives and market change projects. Through this approach it was explained that the group would work in parallel towards developing a 2020 Workplan for research initiatives, and a 2021 Workplan for market change projects. Further, an overview of MDAG activities for the course of this year was provided as the group targets developing these initial Workplans by the end of 2019.

Questions members had on this topic related to: how other IESO initiatives, such as the Innovation Roadmap will be considered in the MDAG Workplan, and how projects will be brought forth and assessed.

*The IESO explained that the MDAG Workplan will identify, evaluate, and prioritise projects that require tangible changes to the market design. At the point where potential projects identified elsewhere (e.g. Innovation roadmap) requires change to the market design, those projects will be transferred to the MDAG Workplan and prioritised as part of that process. Further, the IESO informed members that there will be an opportunity for stakeholders to bring forth market enhancement projects for consideration at a later MDAG meeting. In the interim, the IESO will work with members of the MDAG to develop the evaluation criteria in which projects will be assessed.*

## **MRP – Laying the Foundation for the Future**

Mark Hartland provided members with an overview of the Market Renewal Program (MRP), explaining that increased competition and transparency will result in more efficient market outcomes with better price signals. Building on the foundation that MRP is putting in place, the MDAG will work towards further enhancing Ontario’s electricity markets.

A member asked if the IESO had solidified the decision on a locational marginal price (LMP) for generators and loads.

*The IESO informed that a decision has not been made and this will be discussed at the Stakeholder Advisory Committee (SAC) meetings.*

## **Review of Market Outcomes**

Hok Ng, Supervisor of Market Analysis, provided members of the MDAG with an overview of how price signals play out in the current market.

Questions members had on this topic included: whether OR prices have changed due to the coal phase out, and what drove down OR prices in 2015/2016 compared to 2014.

*The IESO indicated that coal phase out did have an effect on OR prices. As well, variable generation added to the supply mix are currently not enabled to provide OR. With regards to the 2014 OR price, 2014 was the year of the polar vortex and generally energy and OR prices were higher during that period.*

## **Introduction to Intertie Trading and Transmission Rights**

Jason Kwok, Supervisor of Market Development, provided members with an introduction to Intertie Trading and an overview of the Transmission Rights (TR) review that the IESO will be working on in 2019.

Questions members had on this topic included: why loads also receive TR disbursements in addition to exporters, how disbursements are made in the market right now, how is the MSP suggesting to disburse funds in the future, and will the TR market be reviewed as a whole.

*Loads receive a portion of the TRCA surplus funds because they have and continue to pay for the transmission system including the interties. Disbursements of TRCA surplus funds are based on demand shares over the previous six-month look-back period. The MSP has recommended to disburse TRCA surplus funds based on proportion of cost paid towards the transmission system instead of share of demand. Finally, the focus of the current review is on the TRCA disbursement methodology; however, once that is complete, the IESO will be performing an overall review of the TR Market.*

## **Meeting Structure**

In closing, Barbara Ellard presented draft agendas for subsequent 2019 MDAG meetings and asked members to provide feedback on the following questions: 1) What other items should the IESO add to the agendas; and 2) When should the group have in-camera versus public meetings. Stakeholder responses on the aforementioned questions can be forwarded to [engagement@ieso.ca](mailto:engagement@ieso.ca).