

Market Development Advisory Group (MDAG)

Meeting Notes – June 27, 2019

Welcome & Introduction

Jason Grbavac welcomed members to the meeting and walked through the agenda of the meeting.

Enabling System Flexibility (30-minute Operating Reserve)

Hok Ng presented to members of the MDAG how the IESO leverages the Operating Reserve Market to avoid non-market procurements to meet system need. The presentation was composed of a recap on why the IESO needs additional flexibility, a review of how the IESO came to develop the solution to meet the flexibility need, and an example of the solution in actual practice.

Questions stakeholders had on the presentation included: what is the rationale of using a 30-minute OR product instead of using something that is able to respond more quickly, whether flexibility OR is more valuable than contingency OR, and whether flexibility need is a contingency.

The use of 30-minute OR to represent flexibility need is ideal because the forecasts for variable generation improve significantly within the hour of dispatch. When additional 30-minute OR is increased in anticipation of flexibility need, an extra resource tends to be committed that can be dispatched to mitigate forecast error in real-time. It is not possible to evaluate whether OR for flexibility is more valuable than OR for contingency because the same 30-minute OR product is used for both. However, in other ISOs with ramp capability products, the clearing prices for these prices have been on average of low value (i.e. less than \$1). Flexibility need would only become a contingency if the forecast error became the 1st of 2nd largest system contingency. Currently the 1st and 2nd largest contingencies are both the loss of a Darlington nuclear unit. Given the total size of the current variable generation fleet and the average forecast error rates, it is not likely flexibility need would become a contingency.

Distributed Energy Resources (DER) Participation in the IESO Electricity Market

Brennan Louw provided members of the MDAG with an overview of the IESO's work on exploring expanded DER participation in the IESO Administered Markets. The scope of the work for two white papers focussing on this expanded DER participation was introduced, and

MDAG feedback was solicited on the research questions the white papers are looking to answer.

Questions stakeholders had with regards to the presentation included: what is the schedule for the two papers, and why there is no focus on other ancillary products such as environmental attributes.

The drafts of the first and second paper are targeted for August and October respectively. The focus on other ancillary products is outside of scope of these papers. These papers are focusing on the IESO Administered Markets that are expected to be in place once Market Renewal is complete.

Review of Technical Panel Composition

Robert Doyle presented recommendations from the IESO Governance and Decision-Making Advisory Group to members of the MDAG. The specific recommendations discussed included a review of the Technical Panel with potential changes to composition and process, and to consult the Markets Committee (now MDAG) on the recruitment of new Technical Panel members. Areas of investigation were presented to members and feedback was encouraged.

There was a great amount of discussion surrounding the composition of the Technical Panel with various views on how the composition could be altered and/or expanded. There was encouragement from some MDAG members to ensure that the review process continues to progress, and to include the feedback as discussed through the Advisory Group on IESO Governance and Decision-Making.

Market Development Advisory Group (MDAG) Work Plan

Mark Hartland reported back on MDAG member feedback from the last meeting and proposed how to move forward on the development of the 2020-2021 MDAG work plans. There was also discussion on potential research initiatives for the work plan in 2020, and the relationship between research initiatives and market change projects.

Overall, there was consensus from MDAG members on the IESO's approach to developing the work plan and the high-level research initiatives proposed for the work plan in 2020. Questions stakeholders had with regards to this presentation included: when will the IESO aim to prioritise projects for the work plan in 2021, does the item on the work plan titled *Enabling and Enhancing Participation in Energy and Ancillary Services Market* include tri-optimization of automatic generation control (AGC), and why is the IESO proposing to consider an inertia review as a potential research initiative.

For the work plan in 2021, projects will need to be prioritised by the end of 2019 so that the IESO can work towards submitting a select number of market development projects for consideration in a wider IESO project prioritisation in Q2 2020. With regards to the tri-optimization of AGC, the IESO needs to further assess the current market. Scoping of research initiatives for the work plan in 2020 will take place at subsequent MDAG meetings. The inertia review project was initially in scope for Market Renewal, and so it was decided to continue that project outside of MRP in order to build on work that had already been done.

Conclusion and Wrap-Up

The IESO thanked all participants and welcomes further feedback from all stakeholders. Feedback should be sent to engagement@ieso.ca.