



Independent Electricity System Operator (IESO)

RE: Comments on Improving Accessibility of OR

To whom it may concern,

GerdaU Long Steel North America, “GerdaU” is pleased to have the opportunity to provide comments to the IESO on Improving Accessibility of Operating Reserve (OR). With steel mills in Ontario, PJM and MISO, GerdaU has first-hand knowledge of current operating principals with respect to OR. Our comments outline the current way OR is treated in other jurisdictions giving perspective to the current state of OR within the IESO.

IESO Performance compared to PEERs

GerdaU continues to believe that the performance of the IESO as compared to its neighbours is overall better when considering total cost, activation reliability and availability of OR. Discussions with both PJM and MISO indicate that both RTO’s activate far more resources than the event requires ensuring they achieve the response needed to deal with the system conditions. For example in PJM, an “all call” is issued when an OR event occurs and all generation resources with headroom (Tier 1) and all resources that have offers in the market (Tier 2) start ramping, regardless of merit order. When PJM states they meet their OR requirement they certainly do, but with their process, it certainly appears PJM pays more than Ontario is paying to achieve a similar outcome.

MISO as noted by the IESO, defines a successful response to an ORA as 1 of 4 possible outcomes, a much lower bar than Ontario is applying to itself. MISO also deploys more resources than necessary due to resources operating within market rules but not exactly at dispatch.

GerdaU recommends that the IESO dig deeper into the cost and performance of other RTO’s. Ontario may be setting its expectations beyond what is considered good industry performance.

Proposed Solutions

Having participated in the stakeholder presentation and after further review of the proposed solutions offered by the IESO, there are still many questions about the implementation and impacts of each option. The IESO mentions that exemptions will be taken into consideration however its not clear how those considerations would translate in practice. GerdaU recommends the IESO reach out to those impact for further discussion.

Proposed Evaluation Framework

The evaluation framework seems fair however adding a benchmark of cost, performance and reliability against other jurisdictions should be considered.

Recommendations for IESO

Gerdau believes that the IESO could close a large part of the gap on availability of OR by simply providing loads the same ability de-rate in real time as is possible for generation today. For all resources offering into the OR, tightening the dead band would also help to close the gap.

Thank you for your consideration of our comments. We look forward to further discussions.

Sincerely,



Darren MacDonald

Director of Energy

Gerdau Long Steel North America