

# Single Schedule Market (SSM) – Stakeholder Feedback Form

Stakeholder Options Phase Meeting #2: August 17<sup>th</sup>, 2017

<b>Feedback request by:</b> 2017/09/14	<b>Feedback provided by:</b>
<b>Date Submitted:</b> 2017/09/13	Company Name: ___HQ Energy Marketing Inc.____
	Contact Name: __Frederic Belanger_____
	Phone: _____
	Email: _____

**By submitting this Stakeholder Feedback Form, the company or individual identified above, as applicable, consents to the disclosure by the IESO of this Stakeholder Feedback Form and its contents, in whole or in part, in stakeholder engagement meetings, on the IESO website or otherwise.**

In order to maximize the effectiveness of this stakeholder engagement process, the IESO requests that stakeholders use the template below to provide feedback on content presented as follows:

- Provide responses to the questions posed
- For options presented, indicate your preference along with applicable rationale/supporting arguments
- Identify any aspects that you believe require further elaboration or discussion

Feedback received may be shared by the IESO on its website, at future stakeholder engagement meetings, or otherwise and will help inform further discussions at future stakeholder engagement meetings.

Please send this form with your feedback to [engagement@ieso.ca](mailto:engagement@ieso.ca)

Design Elements and identified Options	Stakeholder Feedback
<p><u>SSM1</u>  <b>Energy Price - Congestion Component</b></p> <p>1) Include Congestion in Pricing</p>	<p>No comments – the proposed option is a fundamental element if the market wants to go ahead with the SSM</p>
<p><u>SSM2</u>  <b>Energy Reference Price</b></p> <p>1) Continue to use Richview (Status Quo)                  2) Use another Location</p>	<p>As expressed by FTI, and with the current information participants have on hand, the current reference price is acceptable. Other considerations may occur once the vendor will be chosen for this initiative.</p>
<p><u>SSM3</u>  <b>Energy Price - Loss Component</b></p> <p>1) Include cost of marginal losses in the dispatch but exclude from prices (Status Quo)                  2) Exclude the cost of marginal losses from the dispatch                  3) Include the cost of marginal losses in both the dispatch and prices</p>	<p>Option 3 captures the best practices among ISOs coordinating SSM. And as mentioned, is would be consistent with IESO’s current constrained schedule. Having the market not relying on CMSC would simplify the settlements and send an efficient price signal to market participants.</p>
<p><u>SSM4</u>  <b>Ex Post vs. Ex Ante Pricing</b></p> <p>1) Ex Post Pricing                  2) Ex Ante Pricing</p>	<p>With the information provided, the ex Ante Pricing seems appropriate for the proposed design as of now. It’s consistent with the current IESO’s constrained schedule and it’s considered as a best practice among neighboring ISOs. Depending on how this design is evolving, the need to revisit this topic could occur.</p>

<p><u>SSM5</u>  <b><i>Intertie Congestion Pricing</i></b></p> <p>1) Charge intertie transactions based on congestion charge in the constrained pre-dispatch and the price at the intertie in the real-time constrained schedule</p> <p>2) Charge intertie transactions based on:</p> <ul style="list-style-type: none"> <li>• The real-time schedule price if there is no congestion</li> <li>• When export constrained -the higher of the nodal price in real-time or pre-dispatch</li> <li>• When import constrained -the lower of the nodal price in real-time or pre-dispatch</li> </ul>	<p>The intertie congestion pricing is a topic which we would need more information on, as it will be evolving once we will be addressing the Day Ahead and the More Frequent Intertie Transactions designs.</p> <p>Participants would need additional studies and scenarios on this topic. A sub-committee could be envisaged, considering the impact to these transactions on the market.</p> <p>Analyzing how other ISOs are handling these transactions, and studying different scenarios for the IESO market would be of help in order to come up with an efficient and lasting solution.</p>
<p><u>SSM6</u>  <b><i>Supplier Pricing</i></b></p> <p>1) Zonal Prices</p> <p>2) Nodal Prices</p>	<p>Considering the other initiatives which are planned to be implemented, notably the day-ahead market, the nodal pricing option would be, with the progress as of now, a suitable solution.</p>
<p><u>SSM7</u>  <b><i>Operating Reserve Reference Price</i></b></p> <p>1) Co-optimize energy and operating reserve</p>	<p>No comments, as mentioned in the design tracker, the only viable option for SSM</p>

<p><u>SSM8</u>  <b>Operating Reserve Price -Congestion Component</b></p> <p>1) Include Congestion in Pricing</p>	<p>No comments, as mentioned in the design tracker, the only viable option for SSM</p>
<p><u>SSM9</u>  <b>Constraint Violations</b></p> <p>1) Apply current penalty prices in the constrained schedule, but relax violated constraints and determine settlement prices based on incremental energy and/or operating reserve offer prices (status quo)</p> <p>2) Use the same set of penalty prices for both dispatch and pricing</p> <ul style="list-style-type: none"> <li>a) Use current penalty prices</li> <li>b) Create a hierarchy of new penalty prices</li> <li>c) Create a demand curve for penalty prices</li> </ul> <p>3) Apply current penalty prices in dispatch, but use a different set of penalty prices for settlement</p> <ul style="list-style-type: none"> <li>a) Create a hierarchy of new penalty prices</li> <li>b) Create a demand curve for penalty prices</li> </ul>	<p>At the moment, HQEM is not taking any specific position, but will continue to monitor the matter should new facts arise.</p>

<p><u>SSM10</u>  <b><i>Out-of-market Operator Actions</i></b></p> <p>1) Control actions are priced at maximum market price (\$2,000) or some other level for one or more of the following:              a) Voltage reductions              b) Curtailment of exports for adequacy              c) Scheduling of emergency imports</p> <p>2) Control actions are not priced</p>	<p>No comments at the moment, we will see the evolution of the discussion about the constraint violations and other design elements, and then we will be in a better situation to take position and to comment on this issue.</p>
<p><u>SSM11</u>  <b><i>Multi-Interval Optimization</i></b></p> <p>1) Use MIO to determine schedules but use single interval optimization for prices (similar to status quo)</p> <p>2) Use MIO to determine schedules and prices</p>	<p>Using the Multi-Interval Optimization as mentioned, would reduce inconsistencies between dispatch and prices. Also this could prevent dispatching an uneconomic resource, only based on the price, despite another one which would be optimal on multiple intervals. Our position is to go on with the second option. It could evolve based on other design decisions.</p>

<p><u>SSM12</u>  <b>Price-Setting Eligibility/Operating Restrictions</b></p> <p>1) Do not allow any resources' restricted MW's (e.g. minimum loading point) to set or impact prices          (Status quo in the constrained schedule).</p> <p>2) Allow fast start online resources' restricted MW's to set or impact price.</p>	<p>We would suggest comparing the best practices in the neighboring jurisdiction and evaluating if this could be applied to the IESO market.</p>
<p><u>SSM13</u>  <b>Mitigation process</b></p> <p>1) Pivotal Supplier Test          (offer/bid is subject to mitigation if it is part of supplier capacity that is pivotal in resolving a binding constraint - measure of amount of competition)</p> <p>2) Conduct and Impact Test          (offer/bid is subject to mitigation if it exceeds competitive reference level, and has a market impact by raising the clearing prices).</p>	<p>Also, we would suggest comparing the best practices in the neighboring jurisdiction and evaluating which option could better serve the IESO market.</p>

<p><u>SSM14</u> <b>Timing of Application</b></p> <p>1) Ex-Ante (before the fact) market power mitigation</p>	<p>No comments, as mentioned in the design tracker, the only viable option for SSM</p>
<p><u>SSM15</u> <b>Reference levels</b></p> <p>1) Apply principles used in today's mitigation, in order to develop reference prices.</p> <p>2) - Develop new principles that develop reference prices used for mitigation.</p>	<p>Referring to SSM13 as this is another aspect of the mitigation process; we will not comment this element design at the moment. Our opinion may evolve as the different market options are being decided or presented.</p>

<p><u>SSM16</u> <b><i>Pricing for loads</i></b></p> <p>1) All loads pay the nodal price at their location. Prices include the marginal cost of losses and congestion.</p> <p>2) All loads pay the zonal price, at the zone associated with their location. Prices include the marginal cost of losses and congestion.</p> <p>3) All loads pay the province wide uniform price. Prices include the marginal cost of losses and congestion.</p> <p>4) Dispatchable loads pay the nodal price, while non-dispatchable loads pay the zonal price. Prices include the marginal cost of losses and congestion.</p> <p>5) Dispatchable loads pay the nodal price, while non-dispatchable loads pay the uniform price. Prices include the marginal cost of losses and congestion.</p> <p>6) Dispatchable loads pay the zonal price, while non-dispatchable loads pay the uniform price. Prices include the marginal cost of losses and congestion.</p> <p>7) All loads pay the province wide uniform price. Prices include the average cost of losses and congestion.</p>	<p>No comments on this design element.</p>
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<p><u>SSM17</u> <b>Financial transmission rights</b></p> <p>Option 1 - Full FTR Allocation: FTRs allocated to all loads to address incentive issue of dispatchable load (Potentially paying a higher price) and to offset the impact of non-uniform pricing for all load.</p> <p>Option 2 - Alternative (non-FTR) Mechanism: Payments and charges to loads so that the sum of the payment and their energy price is approximately uniform</p> <p>Option 3 - No FTRs: No FTRs or other payment mechanism to address incentive or cost impact of change to non-uniform pricing</p> <p>Option 4 - FTRs allocated to dispatchable loads (and possibly to price responsive loads) in locations with average LMPs higher than average zonal price paid by non-dispatchable load</p> <p>Option 5 - FTRs allocated to all dispatchable load (and possibly to all price responsive loads)</p> <p>Option 6 - Payments to dispatchable loads (and possibly to price responsive loads) in locations with average LMPs higher than zonal price (links to load pricing Options 4, 5 and 6)</p>	<p>At this stage of the SSM process, and the whole market renewal process, we will not comment this design element. This is a complex element and we would suggest that this could be a part of a different initiative. Usually, this product helps participants hedge their position against a congestion charge. This element would need further analysis or be presented with more details, in order to come up with the best solution for the IESO market.</p>
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<p><u>SSM18</u> <b><i>Make whole payments</i></b></p> <p>1) Provide make whole payments for constrained up/down scenarios</p> <p>2) Provide make whole payments only for constrained up scenarios</p>	<p>Based on current information, we support option 1, to provide make whole payments for constrained up/down scenarios. Option 1 will compensate the supplier for their commitment. This approach is consistent with every neighboring jurisdiction, except PJM, which is discussing changes.</p>
<p><u>SSM19</u> <b><i>Uplift recovery</i></b></p> <p>1) Distribution of congestion rents and marginal loss surplus will be based on the per MWh of actual withdrawals by internal loads</p> <p>2) Distribution of congestion rents and marginal loss surplus will be based on the per MWh of actual withdrawals by internal loads and exports</p>	<p>At the moment, HQEM is not taking any specific position and won't comment on this option.</p>

**General Comments/Feedback:**

Many of the options presented are linked with other market design which will be implemented at a later time. The interaction between all the design elements could affect HQEM's position on specific design choices. The ideas expressed by HQEM could evolve in time, as we cover further concepts and as decisions on market options are taken.