

# Market Renewal Single Schedule Market (SSM)

## Meeting 5: Response to Stakeholder Feedback

Following the August 17 the Single Schedule Market stakeholder meeting, the IESO invited stakeholders to provide comments and feedback on a series of design options on issues related to load pricing and market power mitigation

The IESO received feedback from:

Association of Major Power Consumers  
Association of Power Producers of Ontario  
Bruce Power  
Hydro Quebec

This feedback has been posted on the IESO stakeholder webpage for this engagement.

### Note on Feedback Summary

The IESO appreciates the feedback received from stakeholders outlining their preferred approach or recommendation on different aspects of the SSM design. These have been noted and will be considered as the engagement moves toward making preliminary decisions. The IESO has provided a summary table below, which outlines specific feedback or questions for which an IESO response was required at this time.

### **Stakeholder comments and IESO responses**

Issue Area	Company	Feedback	IESO Response
General	AMPCO	Please confirm that LMP will still be capped by an MMCP of \$2000. [LMP = Energy + Congestion costs + Loss costs]; same question for negative MMCP.	The IESO does not currently have plans to alter the maximum and minimum market price caps.
	AMPCO	Any of the options which treat non-dispatchable load differently than today (zonal, nodal, application of avg losses, etc) will require additional telemetry –and thus	The IESO will seek additional information from participants to fully answer this question. However, pricing a non-dispatchable load at some other than a uniform should not require additional telemetry. Billing

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		cost-to implement. How would additional metering (telemetry) charges be handled? MP funded? Does the IESO have a sense of cost to do this?	will still occur based on the facility's currently metered consumption.
	AMPCO	We will need additional analyses from the IESO to see just what the difference to the market is if dispatchable load (DL) becomes non-dispatchable (NDL) in some areas. The IESO loses flexibility in terms of OR, but is that valuable enough to engage in some differentiated pricing regime? May need to think about if DL can move between DL and NDL just using their bids (i.e. DL is NDL today if their bid is \$2000). If we choose one of these differentiated pricing regimes, does load lose that ability on an hour by hour basis? Need to consider both DL impact as well as impact to everyone else.	As the SSM engagement progresses, the IESO is open to examining such scenarios with stakeholders, as appropriate. The IESO will add this to the action items tracker.
	AMPCO	Day Ahead Market could impact some of the decisions that are being sought out here. May need to revisit once DAM discussions have commenced.	The IESO agrees with this comment and will ensure that the design process for the two are integrated.
Losses and Congestion	AMPCO	Choice of marginal means the calculation of dispatch shift factors for all load nodes. If this is abandoned in favour of an average approach, then the impacts of this decision must be well understood. Any decisions which may limit improvements to the dispatch model for loads should be avoided. Some of these enhancements could include the ability to manage outages on those load facilities within the dispatch engine.	The IESO agrees that choices which limit future improvements to the IESO's dispatching software should be avoided.
Intertie Congestion Pricing	Hydro Quebec	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.	The IESO is further examining the different design options for this element.

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		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.	
Supplier Pricing	APPrO, Bruce Power	This will have to carefully managed in terms of contract amendments to maintain supplier economics, and potentially disadvantageous locational pricing for existing suppliers and loads. Some form of grandfathering will need to be considered. Given this, how to manage after contracts expire is also a consideration.	The IESO agrees with the importance of an effective process to manage contract amendments under market renewal. The IESO held a contracts webinar to discuss preliminary issues on October 31.
OR Reference Price	APPrO, Bruce Power	Agrees that co-optimization is best practice for SSM markets. Should consider tri-optimization with frequency regulation and/or with any new flexibility product if this an outcome under Market Renewal. Tri-optimization would allow additional MPs to participate adding to the IESO's depth of resources.	While not in scope for the SSM project at this time, in future the IESO is supportive of exploring the opportunity to add frequency regulation to the IESO's co-optimization of energy and operating reserve as a future enhancement.
Reference Levels	APPrO, Bruce Power	Option 2 –Develop new principles that develop reference prices used for mitigation –appears to be a better choice. APPrO requests that the IESO provide a list of the current principles to understand how this is done today.	A description of the IESO's current principles and reference price methodology is included in the materials for the November 13 <sup>th</sup> SSM engagement session.
Price-Setting Eligibility/Operating Restrictions	Hydro Quebec	We would suggest comparing the best practices in the neighboring jurisdiction and evaluating if this could be applied to the IESO market.	The IESO agrees with this comment and continues to assess best practices in neighbouring jurisdictions.
Mitigation process	Hydro Quebec	We would suggest comparing the best practices in the neighboring jurisdiction and evaluating which option could better serve the IESO market.	The IESO agrees with this comment and continues to assess best practices in neighbouring jurisdictions.
Load Pricing Option 1: Nodal for All Loads,	AMPCO	PJM and MISO allow you to opt into a nodal price from zonal once a year. Will IESO do this in this option?	The IESO is open to discussing different load pricing scenarios with stakeholders, including a scenario where participants may chose to elect

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with Marginal Congestion and Losses			to pay a nodal price for a given period of time.
Load Pricing Option 2: Zonal for All Loads, with Marginal Congestion and Losses	AMPCO	AMPCO asked the IESO if they have a general sense of what Zones might look like if we went zonally (same as existing 10?, more?, less?). Is it possible to provide this?	At this time, the IESO does not intend to increase from the current number of 10 electrical zones. The IESO will continue to work with stakeholders to determine the appropriate number of potential load pricing zones.
Load Pricing Option 6: Zonal for Dispatchable, Uniform for Non-Dispatchable, with Marginal Congestion and Losses	AMPCO	This is probably more complicated than Option 5 above, due to the low number of DLs in the province Need to review all the Zones for only a few DLs Need additional information to explain if there is an advantage of this over option 5.	The IESO will aim to provide additional information to clarify this option. This will be added to the action items tracker.
Financial Transmission Rights (FTRs)	AMPCO	Can the IESO provide some information to clarify the distinction between FTRs and other make whole payments?  In general, AMPCO believes that additional understanding is needed on this topic	In general, FTRs could be a tool to offset some of the cost associated with moving away from uniform pricing to either zonal or nodal pricing. FTRs aim to keep the marginal incentives associated with more granular pricing, while, in general, providing a hedge against certain price variations such as the cost of congestion or the difference between a zonal and uniform price.  Other make-whole payments may be needed to incentivize dispatchable loads, who are settled on a zonal price, to follow dispatch instructions.
Market Power Mitigation: Fuel Price	AMPCO	Will fuel prices be evaluated against market price, or the generator's actual fuel cost? If cost, then their fuel has to be evaluated against each contract that they struck (creating fuel price laminations) and a generator's poor ability to contract is tolerated. Market price is the right fuel price to use. Can IESO confirm that this is how it will be done?	The methodology for exactly how generator fuel costs will be evaluated will be determined during the detailed design phase. The IESO will consult with stakeholders throughout the detailed phase of the SSM project.