

April 27, 2018

IESO Engagement

Energy Workstream Comments Re: Single Schedule Market

OPG appreciates the opportunity to provide comments following the Market Renewal Energy Stream stakeholder engagement meeting for Single Schedule Market on March 29, 2018 at which the IESO provided updates on the Constraint Violations and Out-of-Market Operator Action design elements.

Constraint Violations

The IESO presented two preliminary decisions regarding how constraint violations would be priced:

- 1) For reliability based constraints, apply current penalty prices in dispatch, but use a different set of penalty prices in pricing
- 2) For non-reliability based constraints, apply the same penalty prices in dispatch and in pricing

Where possible, OPG believes price differences between the dispatch and pricing run should be minimized. As the prices used in the pricing run are yet to be determined, OPG reiterates from its previous comments that in principle, prices should reflect the true “reliability value” of each constraint violation which may or may not exceed the current maximum market clearing price of \$2000. This provides greater transparency in prices that reflect the true cost and places less reliance on uplifts. OPG agrees prices should be determined with stakeholder input and believes that the experiences of other jurisdictions will be valuable in this assessment.

Regarding decision 2, OPG agrees for non-reliability based constraints, the same penalty prices should be used in the dispatch and pricing run.

Out-of-Market Operator Actions

The IESO categorized various control actions into 6 types and made preliminary decisions on how each of the 6 types of control actions would affect price. In general, OPG agrees with the decisions presented. As the IESO has stated that the impact of control actions should be prevented from providing counter-

intuitive prices, is the IESO proposing that for Shared Activation of Reserve, the pricing will change from today's current method?

Regards,

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