



August 31, 2018

IESO Stakeholder Engagement  
Market Renewal Program

*Submitted via email*

**Re: Load Pricing in Market Renewal**

AMPCO is the voice of industrial power users in Ontario. Our mission is industrial electricity rates that are competitive, fair and efficient.

Attached are AMPCO's comments on the IESO's preliminary recommendation for Load Pricing, as part of the Market Renewal Program. AMPCO appreciates the opportunity to provide such feedback.

Best Regards,

*[Original signed by]*

Colin Anderson  
President

## Market Renewal - Load Pricing

### Submissions of the Association of Major Power Consumers in Ontario (AMPCO)

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#### INTRODUCTION

Ontario's electricity system is complex and always evolving. AMPCO provides Ontario industries with effective advocacy on critical electricity policies, timely market analysis and expertise on regulatory matters that affect their bottom line. We are the forum of choice for major power consumers who recognize that their business success depends on an affordable and reliable electricity system.

These submissions are in relation to Load Pricing, part of the IESO's Market Renewal Program. AMPCO's members are major power consumers, responsible for over 15 TWh of annual load in the province. A robust, efficient and affordable energy supply is critical to the success of their businesses, which is why AMPCO has an interest in this consultation.

AMPCO appreciates the opportunity to provide feedback and looks forward to continued dialogue.

#### AMPCO POSITION

AMPCO's position remains unchanged from what it was when it last submitted Load Pricing comments on June 21, 2018. AMPCO cannot currently support the IESO's preliminary recommendation of zonal pricing (with a nodal option) for non-dispatchable loads and nodal pricing for dispatchable loads. The current level of evidence that exists to support that preliminary recommendation is not sufficiently compelling to earn AMPCO's support.

## JUSTIFICATION AND DISCUSSION

AMPCO's submission of June 21 touched on a number of areas for the IESO to consider within the context of its Preliminary Recommendation on Load Pricing Methodology. In its submission, AMPCO discussed the following:

- The need for competitive pricing versus the need for preservation of marginal incentives;
- The permanent versus temporary nature of disbursement of residuals;
- The need for a sensitivity analysis;
- Factors to be considered in Ontario investment decisions; and
- The interdependence of electricity markets with other markets.

Of these, in its response to AMPCO's stakeholder feedback (distributed on August 14 and posted to the SSM webpage as part of the June 21 entry), the IESO only responded to the above-noted point dealing with the need for a sensitivity analysis. AMPCO would very much like to understand the IESO's position on the other items raised.

In regards to the sensitivity analysis, AMPCO appreciates the work that was done by the IESO. We have the following comments in response to that work and the stakeholder presentation that was made on July 18:

- As a result of discussions that took place during the July 18 meeting (and shown on slide 24), AMPCO understands that the IESO's comparison of Status Quo (HOEP + CMSC + Losses) is not a direct "apples-to-apples" comparison to its representation of SSM Uniform Pricing, since the SSM value does not contain an approximation of new Make Whole Payments that would partially replace CMSC payments.
- The Sensitivity Analysis is shown in the IESO's presentation materials from the July 18 stakeholder session on slides 30-36. Due to the discrepancy pointed out in the above bullet point, the relative positioning of Status Quo versus SSM Uniform Pricing is questionable.

- Further, because the four scenarios presented in the Sensitivity Analysis rely on a residual disbursement methodology that is temporary, the results shown cannot be relied upon. It is essential that market participants understand the permanent structure for the disbursement of residuals. AMPCO strongly recommends that this permanent structure be determined now, not at some future time.

For reasons of brevity, AMPCO will not repeat its June 21 submissions within the body of this stakeholder feedback, but instead will attach the link to that submission, which currently resides on the IESO's SSM webpage.

<http://www.ieso.ca/en/sector-participants/market-renewal/market-renewal-single-schedule-market>

AMPCO looks forward to a full discussion of the points raised in its June 21 submission.