

November 22, 2018

Ms. Barbara Ellard
Director, Markets and Procurement
Independent Electricity System Operator
#1600 – 120 Adelaide Street West, M5H 1T1
Delivered via email to: engagement@ieso.ca

Re: **Single Schedule Market High Level Design**

Dear Ms. Ellard,

The Electricity Distributors Association (EDA) thanks the Independent Electricity System Operator (IESO) for the efforts it is making to renew Ontario's electricity market and for the opportunity to comment on the High Level Design (HLD) of the Single Schedule Market (SSM). Market improvements, the elimination of documented market inefficiencies, and higher quality price signals that support decision making (e.g., investment in Distributed Energy Resources) will benefit all Ontario electricity consumers.

The EDA and its members look forward to the IESO providing the materials that will clarify approaches, outcomes, opportunities, and consumer protection that will support all parties who are engaged in providing electricity to Ontario's end users. The EDA acknowledges that the IESO's proposals are expected to reduce commodity prices and to increase transparency. While the IESO has provided analysis of the SSM based on historical information demonstrating lower costs to consumers, the EDA proposes that the IESO provide additional analysis in consideration of market conditions which could lead to a price increase. The EDA notes that the HLD does not acknowledge the SSM's impact to the Global Adjustment or to retail prices. This information will benefit all market participants and should be provided at the earliest opportunity.

The EDA expects that the IESO's decision making will be informed by a favourable cost-benefit analysis for the Market Renewal Program as a whole, and that the SSM's proposed level of complexity is appropriately balanced against its level of precision and granularity. The EDA points out that the market will benefit from clarity of 'who does what' for all aspects of Market Renewal. The SSM contemplates the adoption of Locational Marginal Prices with pricing for Non-Dispatchable loads determined by 10 proposed zones. This marks a departure from long standing de facto public policy for uniform electricity pricing across Ontario.

Attached to this letter is a complete submission related to various aspects of the SSM. The EDA awaits the IESO's release of the HLD of the Day Ahead Market, Enhanced Real Time Unit Commitment and the Incremental Capacity Auction. We also look forward to commenting on how these four initiatives work together to benefit all electricity consumers in Ontario. For more information, please contact the EDA's Kathi Farmer, Senior Regulatory Affairs Advisor at kfarmer@eda-on.ca or at 905-265-5333.

Sincerely,

A handwritten signature in black ink, appearing to read "Teresa Sarkesian". The signature is fluid and cursive, with a long horizontal stroke at the end.

Teresa Sarkesian
President and Chief Executive Officer

The Electricity Distributors Association (EDA) supports the Independent Electricity System Operator's (IESO) efforts to improve the transparency and efficiency of the electricity market in ways that are fair and equitable to all stakeholders. Central to the IESO's Market Renewal Program (MRP) is the implementation of the Single Schedule Market (SSM) and adoption of Locational Marginal Prices (LMP). The EDA's comments herein are in respect of the draft SSM High Level Design (HLD) exclusively. We anticipate that some of these positions will be revisited when the IESO consults on the HLDs for the Day Ahead Market, Enhanced Real Time Unit Commitment and the Incremental Capacity Auction.

Consistent with EDA's vision as outlined in the *Power To Connect: A Roadmap for a Brighter Ontario*, we recognize that the SSM is an enabling platform, that brings Ontario's electricity market in line with other conventional power markets throughout North America. As such, our submission is consistent with our view that LDCs should over time take on more responsibilities enabling, integrating and operating and controlling Distributed Energy Resources (DERs).

While the EDA and its members are supportive of the goals of the MRP, we are concerned that the SSM HLD does not account for the unique features of the Ontario electricity market, such as the Global Adjustment, and does not provide clear instruction or direction to Local Distribution Companies (LDCs) or retail customers.

The EDA looks forward to the IESO:

- providing the detailed description of the SSM that demonstrates the achievement of market improvements and the benefits to all consumers;
- clearly demonstrating how retail prices will reflect or flow through the price signals 'discovered' in the wholesale market;
- demonstrating how the SSM would impact DER, including those that might not be IESO Market Participants;
- adopting the market governance practices that have been successfully deployed in other jurisdictions; and
- demonstrating that all aspects of MRP will be capable of satisfying a cost-benefit analysis, including an analysis that demonstrates granularity and precision which are appropriately balanced against complexity.

At a high-level, the EDA is seeking to ensure that the implementation of the SSM is mindful of consumer protection issues, demonstrates sound energy policy, and balances multiple interests with adequate checks-and-balances. Our submission focuses on ensuring that LDCs are prepared to support the IESO in the implementation of the SSM to ensure that all customers benefit from the impending changes to the market. In doing so, we also recognize the important role that LDCs will play with respect to consumer education in implementing future changes to the wholesale market.

More specifically, our submission focuses on price formation, load pricing (including residual disbursement) and settlement. From a practical standpoint, LDCs seek to appropriately adapt their own processes and systems for the anticipated changes resulting from the implementation of the SSM and to do so in a timely manner. LDCs will also need to make appropriate plans to responsibly invest and continue to serve their customers on an

ongoing basis. The EDA's comments do not address the design elements that are less impactful to either the LDC or their customers (e.g., the design elements related to Operating Reserve).

The EDA's comments are organized under the following headings:

- Uncertainty Regarding Retail Pricing
- Consideration of Global Adjustment
- Consumer Protection, Education and Awareness
- Need for Robust Analysis
- Consideration for Proposed Zones
- Treatment of Embedded Generators
- Lack of Consideration for LDC Implementation
- Business Case for SSM

For each of these topics the EDA provides context and background, a list of outstanding questions and issues, and an assessment with respect to the impacts of implementing the SSM. As is clear from the matters addressed in this submission, many of the outstanding questions and concerns that LDCs have with respect to Market Renewal are due in part by the lack of coordination between the IESO and the Ontario Energy Board (OEB). While it is the IESO that is responsible for Market Rules, the OEB is responsible for matters pertaining to the retail market, in particular the Regulated Price Plan (RPP). The fact that the OEB has not weighed in with an opinion for the treatment of distribution-connected customers is concerning given the extensive consultation to date. The EDA encourages the IESO to take steps to bring OEB into the consultations during the detailed design phase to ensure clear instruction is provided to LDCs with respect to MRP implementation.

Uncertainty Regarding Retail Pricing

Ontario's long-standing de facto policy on electricity prices has been to charge a uniform commodity price to all consumers situated in Ontario and connected to the IESO controlled grid, irrespective of the size of the load, its location, whether it has existed for decades or days, and whether it requires energy and power on a continual basis or infrequently. With the implementation of the SSM, the IESO is proposing that Dispatchable Loads will be subject to nodal prices and Non-Dispatchable Loads (including LDCs) would be subject to zonal prices. While the IESO has stated within the SSM HLD that it is "not aware" of any pending decisions to move away from uniform pricing for residential and low-volume customers, the IESO has also stated that future changes impacting distribution-connected customers resulting from the implementation of MRP would be made by the OEB.

Therefore, the following questions are outstanding with respect to the SSM HLD:

- How should wholesale prices be reflected in retail prices?
- Should retail prices be set at different levels in different areas of the province? Why?
- What are the consequences of the IESO using Locational Marginal Prices to dispatch resources if commodity is priced uniformly at the retail level?
- What is the appropriate date to deploy changes to retail price formation processes and mechanisms? Alternatively, should the deployment be co-ordinated with an event or activity?

The EDA notes that while the IESO is not responsible for retail prices there is an expectation that wholesale prices will be reflected in retail prices. LDCs and their customers would benefit from learning of the proposed retail price formation policies, practices, and methodologies prior to the implementation of the SSM. We recommend that the IESO and the OEB move forward with a coordinated consultation with LDCs and customers to work through changes to retail pricing and rate structures, if any, that may result from the implementation of the MRP as a whole.

To date the OEB has been responsible for administering the RPP. The EDA recognizes that the OEB has acquired a body of expertise that has been successfully leveraged to set retail prices. The EDA looks forward to participating in the analysis on the ongoing suitability of the RPP assuming that the SSM, as described in the HLD, is adopted. It merits discussion whether the regulator should be engaged in setting prices or if instead it should authorize retail prices after having scrutinized an agency's application and engaged the affected interests in an orderly review/adjudicative process.

Consideration of Global Adjustment (GA)

The GA is used to recover the costs of building electricity infrastructure including costs related to long-term supply contracts, as well as energy conservation programs. As such, the GA reflects the difference between the wholesale market price for electricity (e.g., the Hourly Ontario Energy Price) and the regulated rates for Ontario Power Generation's generating assets and contract payments to energy producers, as well as the costs to deliver conservation programs. Given that the GA is currently the largest line item on the consumers electricity bill, the EDA is concerned that the SSM HLD does not explicitly address matters pertaining to the GA.

For example, the following questions are outstanding with respect to the SSM HLD:

- How will the magnitude of the GA change with the implementation of the SSM?
- Will any additional GA costs be allocated to customers under the same uniform methodology?

The EDA is seeking information on the impact of the SSM to the GA, in the near future and over the longer term. For example, IESO analysis could show the extent that the SSM puts downward pressure on energy prices resulting in upward pressure on the GA. LDCs also seek to understand if different zonal energy prices would give rise to different GA levels in each zone. All market participants would benefit from timely and accurate information in respect of future changes in the forecasted GA amount.

We believe that the consideration of the GA is foundational for any changes relevant to the Ontario electricity market. For example, the IESO has claimed that part of the benefit of the SSM results from price-sensitive customers making prudent decisions with respect to their consumption. Given the magnitude of the GA, customers are more responsive to measures to avoid GA than they are with respect to minor changes in other wholesale costs.

Consumer Protection, Education and Awareness

Consumers should have confidence that they can readily access pertinent information, and that information will be communicated in a manner suitable to their need and level of understanding. Further, consumers should have confidence that they are paying reasonable prices for the goods and services provided.

Under the SSM, market participants will be charged commodity prices based on geography and the configuration of electricity infrastructure. While consumers may have decided where to locate, they most certainly did not decide anything about the electrical supply infrastructure. With respect to consumer protection, the EDA raises the following questions:

- How will consumers know that they are appropriately protected?
- What consumer support and education will be required and who should provide it?
- Do zonal-priced or uniformly-priced consumers need additional protections when a consumer in the zone elects to nodal pricing?

Consumers need to understand that they are being charged fairly for the electricity they use. In particular, there is a heightened need to demonstrate this fairness upon the transition to a regime that contemplates different prices for the electricity commodity across the province. Much of Ontario's supply infrastructure was decided by the former Ontario Hydro so that the electrical needs of all Ontario citizens could be served reliably. With the implementation of SSM resulting in some consumers paying more while others pay less, the EDA is concerned that inadequate communications could lead to confusion and, worse, questions that someone is being unduly enriched. It will be vital to demonstrate that all consumers are being treated fairly and that no consumer is being favored or discriminated against.

Market Renewal, and in particular the SSM, will require a carefully prepared package of consumer facing materials. The materials should educate consumers with respect to the changes to wholesale prices as well as any opportunity to participate more actively in the new market, as well as risks to help guide decisions. LDCs have worked hard to create trust with consumers by providing reliable and relevant information by ensuring that all consumers are treated fairly and equitably. LDCs take action every day to sustain this relationship; they can support the IESO in educating consumers on the SSM and all other aspects of Market Renewal. LDCs can also support the IESO in demonstrating to consumers that there are appropriate consumer protection mechanisms in place, when determined.

The EDA notes that customers will expect LDCs to demonstrate a mastery of such mechanisms if LDCs are to continue to be trusted and valued by their customers. The OEB has a number of consumer-facing devices that are geared to conveying or demonstrating consumer protections (e.g., LDCs' Conditions of Service). It will assist consumer confidence and the demonstration of appropriate consumer protection if the OEB reviews its relevant instruments to ensure that the consumer protection provided is both appropriate and effective.

The SSM is the first of the four MRP workstreams that has progressed to the stage of HLD. The IESO can assist in building consumer confidence by clearly demonstrating consistency across the workstreams so that the consumer can both understand the overarching plan and know that they can participate in attaining its benefits.

One component of consumer protection is clarity of the rules with respect to the ability to pursue alternatives. The SSM HLD contemplates that some Non-Dispatchable Loads will have the ability to elect nodal prices. The EDA assumes that any entity electing nodal pricing would be financially motivated and specifically expect to realize lower electricity commodity costs. Consequently, the EDA seeks additional information on the consumer protections that will be available to the parties that will continue to be subject to zonal prices. We further note that during the stakeholder engagement on the SSM, the IESO stated that LDCs would not have the ability to elect nodal prices, however this restriction has not been reflected in the HLD.

Additionally, LDCs will need information on how to correctly quantify commodity variances, and to understand who is responsible for computing and managing such variances. Conversely, if the ability to self-select nodal pricing is an essential feature of the SSM then the EDA asks whether it can be deployed at a later date when there is a body of experience to guide the formation of appropriate consumer protections or if it is possible to discern the appropriate consumer protections through an alternative analysis (e.g., through a controlled role playing exercise).

Need for Robust Analysis

Consumers will also benefit from a balanced and informed analysis of all anticipated outcomes including the scenarios of increased electricity energy prices and negative electricity energy prices; it will augment and complement the IESO’s analysis using historical information that demonstrated reduced wholesale energy prices. The EDA is concerned that this back-cast is not a demonstration of a future outcome. If the back-cast is a component of the IESO’s business case supporting the SSM, the EDA recommends that further analysis is required.

- Will the SSM achieve lower commodity prices going forward, all other things being equal?
- Does the IESO’s analysis account for any increase in costs resulting from LDC implementation?

It is important to point out that the HLD does not demonstrate that electricity prices will decrease and neither considers the scenario of increased prices nor explores the scenario of negative prices. As shown below in Figure 1, the IESO’s analysis that depicts the estimated impact of the SSM on market prices is a back-cast, not a forecast. The EDA proposes that the IESO also document the market conditions under which electricity prices could decrease and the conditions under which they could increase.

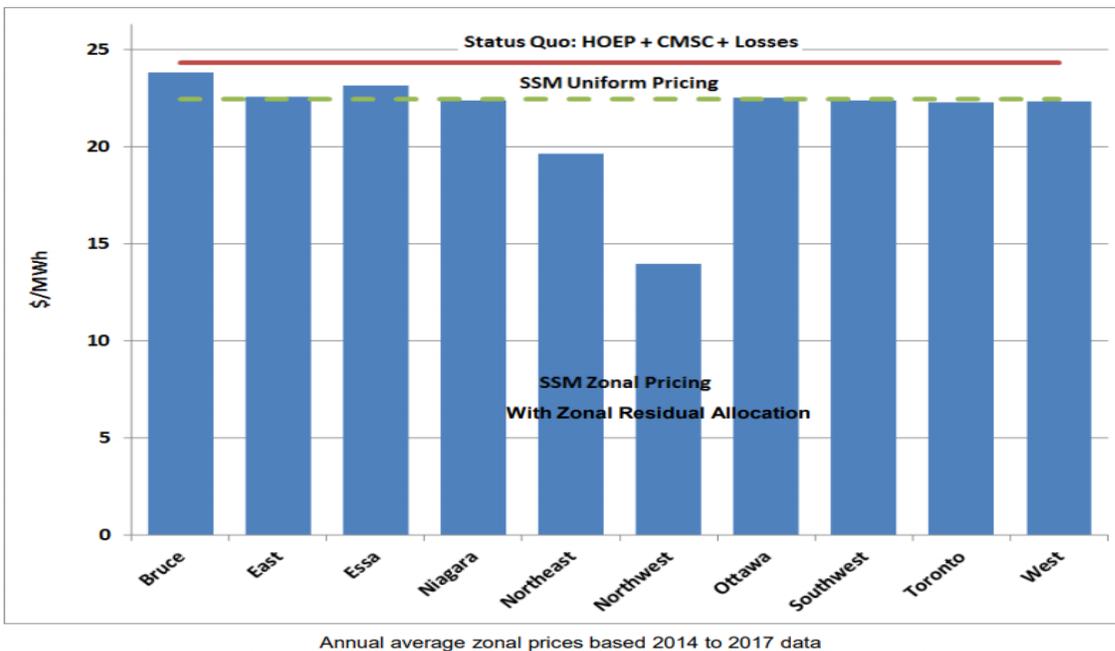


Figure 1. Zonal and Uniform SSM pricing versus status quo (Source: IESO)

Consideration for Proposed Zones

The SSM clearly depicts the zones to be used throughout the province and discusses their suitability from an electrical perspective. Unfortunately, it does not make the case for their suitability for the purposes of load pricing. As the zones are key to determining prices for Non-Dispatchable Loads, including LDCs, the rationale for the zones should be clearly communicated to all stakeholders. For example:

- Is it necessary to have 10 zones if there is only minor price differentiation between zones?
- Are the benefits of having 10 zones out-weighed by the administrative costs associated with 10 zones, including costs that are borne by LDCs?

The EDA would like to better understand the IESO's rationale for load pricing decisions within the SSM, and in particular to understand the drivers of the differences in the prices anticipated in each zone. Where the difference in prices is attributable to congestion or losses - and is not attributable to costs specific to the supply technology - then LMPs appear to quantify the economic consequences of distance and of the configuration of delivery assets. There is a clear policy question of the appropriateness of charging end users wholesale prices that reflect locational and infrastructure attributes which the end user has little control over or accountability for, and of the appropriateness of customers sharing responsibility for costs caused by distance related factors. If, however, price differences are rooted in the costs of the supply infrastructure then additional analysis should be undertaken to avoid any unfairness to the consumer. Many of Ontario's supply assets were designed, commissioned, and approved by either the former Ontario Hydro or by government so that the electrical needs of the province could be satisfied.

While the EDA acknowledges that the OEB has not made any statements that would suggest the implementation of zonal prices for residential and low-volume customers. Consistent with our Power to Connect vision paper, we stated that "[t]he OEB, LDCs, customers, and other stakeholders will need to work together to determine how to best design rates in accordance with the changes being planned for within the IESO's Market Renewal Program." Overtime, Ontario could look to into best practices for incorporating the value of local distribution into the formulas for LMP.

Additionally, the processes and implications of changing zonal boundaries should be anticipated and appropriate consumer protections provided at the earliest opportunity. If amendments to zone boundaries are to be made by amending the IESO's Market Rules, then the affected end users need to know that there is a clear and objective amendment process in place that appropriately protects their interests.

The SSM is not anticipated to impact the adequacy of electricity infrastructure. The quantification of LMPs may increase transparency of where delivery infrastructure is either constrained or under-utilized. It is unclear whether or how transmitters and distributors will be able to rely on this information when making investment decisions.

Treatment of Embedded Generators

It is important for DER asset-owners to have ready access to energy price information that will support investment decisions. As the HLD lacks clarity about how supply from distribution-connected resources (not registered in the wholesale market) will be priced upon the transition to SSM, owners of DERs face an unusual business uncertainty. This is undesirable to both the asset-owner and to the LDCs that manage the settlement to many of these contracts. All affected parties need clarity about contract and market settlement during the transition period to the SSM.

- How should LDCs settle with embedded generators for energy deliveries?
- What changes may be required to the contracts of operating assets?
- How will the SSM implement the post-contract value of DERs?

While we acknowledge that the SSM HLD rightfully focuses on directly-connected supply, the EDA is concerned about the lack of clarity with respect to distribution-connected supply resources given the extent to which such resources have been deployed across Ontario in recent years.

Lack of Consideration for LDC Implementation

LDCs are the face of the electricity system for consumers. Whereas fewer than 400 directly-connected large loads are served by the IESO, LDCs serve nearly all consumers in the province and deliver over 80% of the electricity they consume. Consumers, whether small or large, expect their LDC to support them by providing safe reliable service at a reasonable cost – and by providing and anticipating their needs for correct, complete and clear information.

The SSM HLD is silent on many of the LDC implementation issues identified below. The EDA understands that the nature of the document is high level and raises these issues in an effort to set out the level of clarity that LDCs consider appropriate. For example:

- Will LDCs need to amend Security Deposits?
- How will the IESO's timelines for cash disbursements and cash receipts be impacted? Will this impact the IESO's prudential requirements?
- Who should be responsible for tracking commodity cost variances?
- How will the implementation of the SSM impact LDC settlement activities? In particular will LDCs be expected to return Residual amounts to consumers over a time period comparable to that achieved by the IESO in the wholesale market?
- How will LDCs bill and settle with:
 - consumers who are IESO Market Participants and embedded in the LDC's service area?
 - consumers when the LDC operates in two or more zones?
 - consumers who change zones or connection points?
- What is the appropriate date to deploy retail price formation processes and mechanisms? Should the deployment be co-ordinated with a specific event or activity?
- How will the OEB authorize LDCs to recover the costs incurred to transition practices, processes and infrastructure to be compliant with the SSM?

- Can LDCs elect nodal pricing? In other words, consistent with the EDA's Power to Connect vision paper, how can LMP enable more active participation by LDCs in the energy market?

As previously remarked, the IESO's analysis of historical information demonstrates all electricity customers in Ontario would have had lower cost under the SSM. If consumers will experience lower prices on an ongoing basis LDCs can be expected to seek the prompt recalibration of previously rendered financial security. It is important to point out that LDCs have provided prudentials to the IESO which, assuming lower commodity prices will be realized, may also be able to be reduced. The EDA suggests that the recalibration of security and prudentials and the return of any previously remitted amounts should be fulfilled at the earliest possible opportunity.

The EDA notes that the adoption of the SSM will require LDCs to change processes and practices (e.g., for IESO settlement, settlement with embedded suppliers, billing load customers). LDCs will require support from the IESO and the OEB on how to correctly compute commodity variances, GA variances and of any anticipated changes to the review and disposition process (e.g., if LDCs will continue to be permitted to select the disposition timeline or if a universal timeline will be adopted). Changes to process and practice need end-to-end testing, especially when consumers will be directly impacted.

One significant change resulting from the implementation of the SSM is with respect to the return of Residuals to end users. LDCs note the similarity between the incurrence of Residuals and the incurrence of the commodity variances that LDCs quantify and record. LDCs are concerned that, whereas the IESO contemplates the return of Residual amounts within a 3-month timeframe, the OEB's method for disposing of balances recorded in Deferral/Variance Accounts (D/VA) is, by comparison, lengthy and protracted. These balances are presently disposed of on an annual basis that commences after the external audit is complete, assuming that the balance to be disposed of exceeds a pre-identified threshold, where the LDC may select the minimum disposition period (i.e. one year) or longer. LDCs seek guidance on whether the D/VA mechanisms will be relied upon for the disbursement of Residuals or if another mechanism (e.g., a rebate mechanism) will be used.

There are financial management issues as well. It is unclear whether an LDC should expect to carry a material debit or credit balance in its Cost of Power or GA D/VA. If the OEB's existing practice on the disposition of the balances recorded in these accounts lags the IESO's true-ups of variances to directly connected Market Participants, then it is likely that the power of the SSM's price signal will be muted. An alternative that should be explored is for the IESO to administer the variances; the IESO would charge the LDC for commodity supply at the LMP, the LDC would bill the end use consumer and the LDC would remit any credit variance to the IESO while the IESO would fund any debit variance, perhaps by applying funds remitted from crediting zones.

There are further complications for LDCs with service areas spanning two or more zones. For example, ensuring that prices are appropriately administered should the customer's supply point change. The SSM HLD is silent on such existing or reasonably foreseeable circumstances. As customers will be impacted, they need to know how their bills will be computed so that they can manage change initiated by the LDC (e.g., arising from the rerouting of power flows) and, more importantly, so that they can correctly analyze opportunities and proceed appropriately.

All of the above described changes will require resources to effect the necessary changes, testing and communication to affected customers, end users and market participants. LDCs seek certainty that the costs incurred will be recoverable through rates.

The SSM HLD is sufficiently high level that it is not possible to identify either a preferred date for any changes to the formation of retail prices to take effect or to identify any key events or outcomes that can guide 'coming into force' requirements. Further, we note that during the stakeholder engagement, the IESO stated that LDCs would not have the ability to elect nodal pricing due to regulatory barriers. The IESO should clarify this within the HLD, and also provide details with respect to the specific regulatory barriers. As we have outlined in our Power to Connect vision paper, overtime LDCs may take a more active role in the electricity market by, for example, controlling and operating DERs within their service territory.

Business Case for SSM

The OEB can play a role in the examination of the business case supporting the SSM. To date, the IESO has not prepared a business case specific to the SSM, rather its business case has been prepared at the level of the MRP and concerns the impact to the IESO Administered Markets only. There is clearly a need for a disciplined identification and analysis of the costs incurred by all participants in the supply chain to the end user; this supply chain includes – among others – transmitters, distributors, conservation and demand management (CDM) proponents and DER owner/operators. The decisions about implementing the SSM and all other components of the MRP should be made with full awareness of all the costs. Decisions made on a limited business case that summarizes the costs and benefits to a single supply chain member or for a single initiative only should be avoided as they may not achieve economic efficiency and they risk inappropriate outcomes.

- What OEB approvals and authorizations does the IESO require, and by when, in order to implement the SSM?
- Will the SSM be capable of supporting market outcomes that will be achieved under the other Market Renewal Program workstreams?

The SSM HLD does not address or describe the OEB orders that the IESO will require to implement the SSM. Clearly, the IESO requires OEB authorization for the fees they charge and must comply with the conditions of their license. It is unknown whether the IESO will incur stranded assets and debt as a result of transitioning to SSM. If there is no explicit need for an order authorizing the deployment of the SSM then consideration should be given to a co-ordinated and organized review of existing price formation practices and the associated regulatory instruments such that all consumers can be assured that the regulatory oversight of the renewed market is appropriate and capable of adequately protecting consumers.

Next Steps

The EDA looks forward to the IESO's Detailed Design of the SSM and, among other things, to its analysis and review of:

- The impacts to retail consumers, especially low volume consumers many of whom participate in the OEB's RPP, and the OEB's supervision of retail price formation
- The impacts to retailer prices;

- The revisions to existing settlement processes and to the IESO Power Bill which impacts LDCs settlement activities;
- The steps to be taken to educate consumers, including the retail consumers served by LDCs;
- LDCs preparations to participate in the renewed wholesale market, to revise their internal processes, practices and controls and of LDCs need for appropriate training on all aspects of SSM; and
- The IESO's cost- benefit analysis of the SSM and the MRP.

Conclusion

LDCs strive to provide their customers with safe, reliable service at a fair cost. LDCs need access to accurate information to provide to their customers, especially during times of change. The EDA notes that the SSM HLD is sufficiently high level to describe the anticipated outcomes but not the mechanisms by which they will be achieved. LDCs are concerned that customers may believe that they are ill prepared to participate in any aspect of MRP if the LDC is unable to answer their questions or to provide appropriate information. The EDA looks forward to working with the IESO as it proceeds with the Detailed Design phase.

A summary table of the EDA's outstanding questions is provided below for the IESO's consideration.

SSM Design Element	EDA Questions / Comments / Concerns
Price formation	
1. Energy Reference Price	Nil
2. Energy Price – Congestion Component	Nil
3. Energy Price – Loss Component	Nil
4. Pre- or Post- Interval Pricing	Nil
5. Intertie Congestion Pricing	Nil
6. Supplier Pricing	<p>1) HLD focuses on pricing for Market Participants and does not provide clarity with respect to pricing non-Market Participants (e.g., distribution-connected supply resources). The IESO has indicated that this decision would be made by the OEB, however it is unclear the timeframe and forum in which this decision would be made.</p> <p>2) With respect to distribution-connected Market Participants, will their nodal price be measured at the LDC's connection to the IESO-controlled grid?</p>
7. Operating Reserve Reference Price	Nil
8. Operating Reserve Price – Congestion Component	Nil
9. Constraint Violation	Nil
10. Out-of-Market Operator Actions	Nil
11. Multi-Interval Optimization	Nil
12. Price-Setting Eligibility/Operating Restrictions	Nil

Market Power Mitigation	
13. Timing of Application	Nil
14. Mitigation Process	Nil
15. Reference Levels	Nil
Load Pricing	
16. Pricing for Loads	<p>1) The IESO should provide justification for 10 zones (e.g., are all 10 zones needed?) The IESO should also provide guidance to LDCs that may have customers in more than one zone.</p> <p>2) There is an option provided to Non-Dispatchable Loads to elect nodal pricing. During the stakeholder engagement, the IESO stated that LDCs would not have the ability to elect nodal pricing due to regulatory barriers. The IESO should clarify this within the HLD, and also provide details with respect to the specific regulatory barriers.</p> <p>3) There is an option provided to Non-Dispatchable Loads to become price responsive loads. During the stakeholder engagement, IESO stated that LDCs would not have the ability to register as a price responsive load due to regulatory barriers. The IESO should clarify this within the HLD, and also provide details with respect to the regulatory barriers.</p> <p>4) With respect to potential for negative pricing, (a) the IESO should clarify the impact of negative pricing on the GA, and b) the IESO should describe any operational challenges that would result from negative pricing.</p> <p>5) With respect to non-Market participant customers (e.g., most distribution-connected loads), the HLD does not provide clarity with respect pricing and subsequent impact on rates. The IESO has indicated that this would be a decision for the OEB but has not provided information with respect to timelines for decisions nor forum consultation.</p> <p>6) The IESO should clarify any impact with respect to the GA; specifically, if LMP decreases, does GA increase?</p>
17. Congestion Rents and Loss Residuals	<p>1) The IESO needs to clarify role of LDC with respect to residual disbursement (e.g., returning residuals to distribution customers)</p> <p>2) The IESO needs to consider alignment with current OEB method for disposing of balances recorded in D/VA.</p>
Settlement Topics	

18. Make-Whole Payments	Nil
19. Uplift Recovery	1) The IESO should provide clear instruction to LDCs with respect to any changes in uplift recovery for the purposes of settlement and billing.