



<p>Date Submitted: 2018/11/22</p> <p>Feedback Due: November 22, 2018</p>	<p>Feedback provided by:</p> <p>Company Name: NextEra Energy Canada, LP</p> <p>Contact Name: Jennifer Tuck</p> <p>Phone: [REDACTED]</p> <p>Email: [REDACTED]</p>
--	---

The Market Renewal Project (MRP) released a draft of the High Level Design (HLD) for the Single Schedule Market (SSM) on **September 27, 2018**. In order to allow interested parties an opportunity to provide meaningful feedback on the HLD, the IESO has provided an eight week review period which concludes on **November 22, 2018**.

The SSM HLD first draft can be accessed [here](#).

This feedback form is intended to help organize stakeholder feedback in two key areas of interest to the IESO. If stakeholders have additional input, they are encouraged to provide those thoughts in the “Other Feedback/Considerations” section of the form.

Stakeholder feedback is due by Thursday November 22, 2018 to IESO Engagement at: engagement@ieso.ca

Design Element	HLD Page Reference	Stakeholder Feedback	
		Request for Clarification/Education	Considerations for Detailed Design
Price Formation	8-32		<p>During the detailed design phase, the IESO will have to consider which energy demand forecast will be used to set LMPs. As pointed out by Power Advisory in their submission on behalf of a consortium of renewable generators, energy storage providers, and industry associations, currently the peak demand forecast is used in pre-dispatch and the actual demand is used in real time to determine ex-post pricing. This has resulted in over-forecasting of demand ahead of real-time dispatch and therefore the over-committing of resources ends up lowering real-time prices relative to pre-dispatch prices in the same dispatch hour.</p> <p>It is also important for the IESO to consider the rules for constraint violations. The rules must accurately reflect the actual supply and demand conditions, including price scarcity as indicated by constraints being nearly violated or violated.</p> <p>In the SSM HLD, the IESO states that “control actions taken to address reliability concerns during scarcity conditions should impact dispatch, but be prevented from impacting price.” We disagree with this statement and believe that control actions are reflected in both dispatch and price.</p>

High Level Design - Single Schedule Market
Stakeholder Feedback Form

Design Element	HLD Page Reference	Stakeholder Feedback	
		Request for Clarification/Education	Considerations for Detailed Design
Market Power Mitigation	33-42	Recognizing the relatively low short-run marginal costs of renewable generation, we would like clarity from the IESO on how it will determine opportunity costs for these resources. This will be important during the consultations on reference levels for Conduct and Impact tests for renewable generators.	NextEra is pleased that the SSM HLD recognizes that there are times when Market Participants may want to dispute IESO's mitigation decisions. This point is important to NextEra as it illustrates some of the weaknesses within the current governance structure of the IESO. We look forward to seeing the work currently being undertaken by the Governance Advisory Group to reform the IESO's decision-making framework, which includes the present dispute resolution process.
Load Pricing	43-52		

High Level Design - Single Schedule Market
Stakeholder Feedback Form

Design Element	HLD Page Reference	Stakeholder Feedback	
		Request for Clarification/Education	Considerations for Detailed Design
Settlement Topics	53-56		In the SSM HLD, the IESO posits that under the SSM make-whole payments will be “infrequent and immaterial”. We do not believe this is an accurate statement. Make-whole payments will still be needed to ensure appropriate compensation for generation that is dispatched out of merit. Both the New York ISO and the ISO-New England paid out significant make-whole payments to generators in 2017. Power Advisory’s Consortium submission provide details regarding the exact amounts, and the example demonstrates that in other markets from which Ontario is looking to adopt make-whole payments are not insignificant.

Other Feedback / Considerations

NextEra Energy Canada, LP is pleased to have the opportunity to provide comments to the Independent Electricity System Operator (IESO) on the Single Schedule Market (SSM) High Level Design (HLD). NextEra is also part of a consortium of renewable generators, storage providers and industry associations (“the Consortium) represented by Power Advisory, LLC. In addition to providing our own comments, we are supportive of the comments submitted by Power Advisory, LLC on behalf of the Consortium.

NextEra is supportive of the move to SSM but believes that the IESO must consider the uniqueness of the Ontario market as it undergoes the Market Renewal process. To date most of the consultations have focused on design elements that are very similar to the US Northeast markets. However, the US markets do not have as many resources that are under contract with the IESO or rate-regulated by the Ontario Energy Board (OEB). As a result of SSM and the other components of the Market Renewal Program (MRP), contract amendments will be required. We are pleased to note that the IESO has said many times that value will not be extracted by the IESO as a result of the required amendments but we also believe that the IESO should add contract amendments to the list of topic areas covered by the MRP Energy Workstream consultations. This will ensure timely and effective coordination with the planned market design changes. This is important because the SSM HLD does not address contract amendment issues at all. We look forward to reviewing the IESO’s stakeholder engagement plan regarding Detailed Design Phase.

Additionally, we are supportive of Power Advisory’s comments and recommendations related to price fidelity. We agree that Locational Marginal Prices (LMP) will more accurately value energy demand and supply compared to the current two-schedule market, however the IESO must ensure that the LMPs are not artificially distorted, muted or suppressed by other areas of market design. This will be especially important if the IESO follows through on its plans to use procurement contracts less frequently and instead implement an Incremental Capacity Auction (ICA). Maintaining value in the energy market will be critical to ensuring the continued operations and maintenance of existing resources and future development of new generation. The nature of renewable resources mean that they will be less able to benefit from a capacity market and will need to obtain sufficient revenues from the energy and ancillary services markets in order to ensure cost recovery and rate of return on investments. Therefore it will be important for LMPs to be free from distortion and suppression.

Finally, we are supportive of Power Advisory’s comments regarding make-whole payments and the elimination of Congestion Management Settlement Credits (CMSC). Elimination of CMSC payments will have implications for power system operations and contract amendments. Make-whole payments will be required under circumstances where resources are dispatched up or down ‘out of merit’ (i.e., either dispatched down when economic or dispatched up when not economic, relative to other resources) and should be a key priority during the Energy Workstream detailed design consultations.