

# Twelve Times Ramp Price - Update

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# Twelve Times Pricing - Background



- **Original market design used 1X myopic pricing and 1X myopic dispatch**
- **Trials held just prior to market opening showed rapid and large price fluctuations**
- **Ontario market calculates price ex-post using a separate sequence of the dispatch algorithm, to create the single price for the province – this provided an opportunity**
- **Suggestion to use 12X ramping in the pricing sequence while retaining 1X in the dispatch sequence**

# Twelve Times Pricing – Background



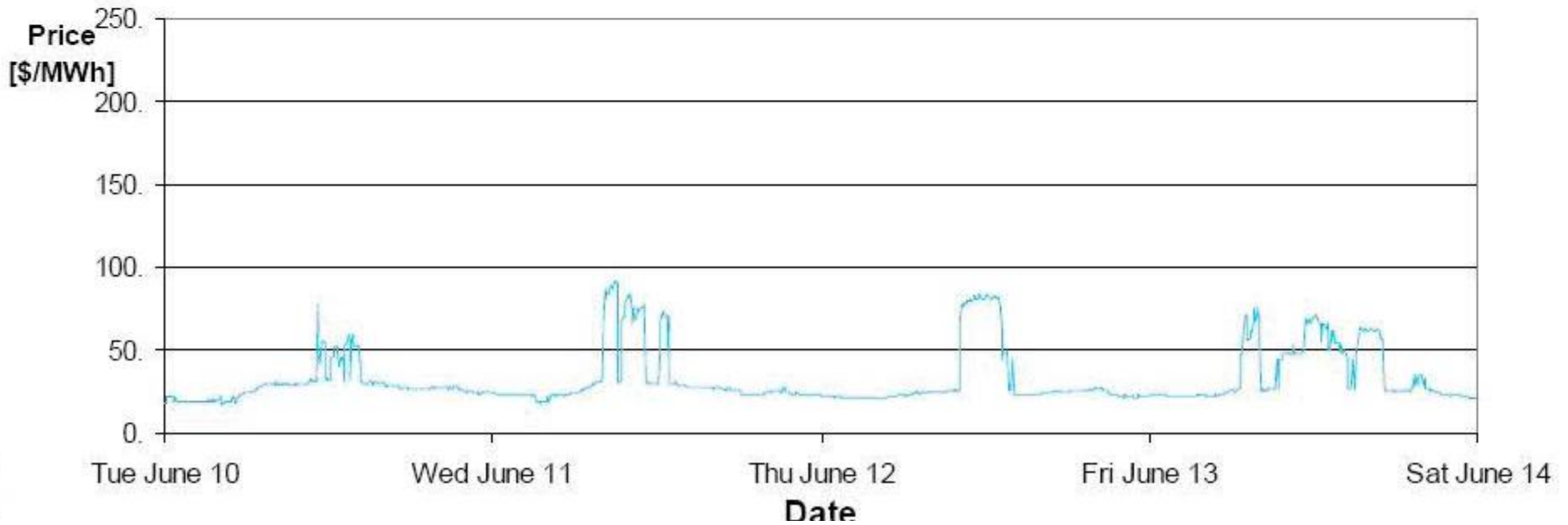
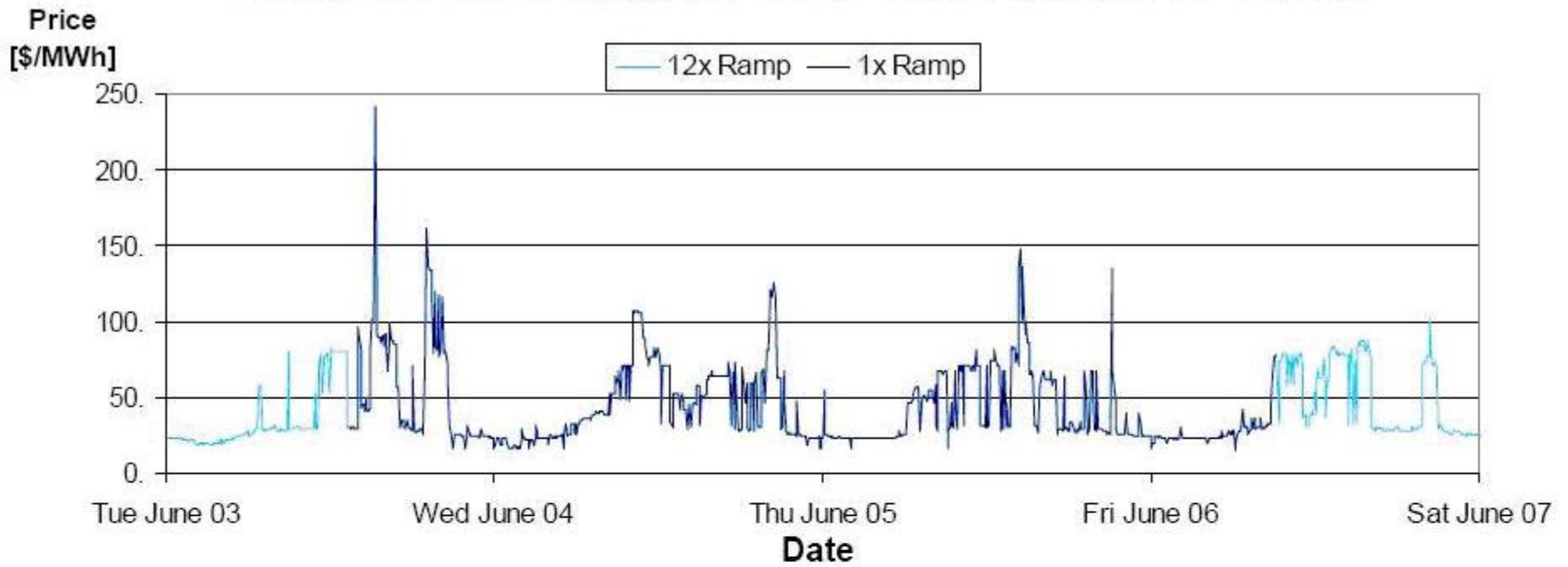
- **Twelve times approved as a temporary measure**
  - Recommendation on incorporating congestion in pricing was coming in 18 months
- **During Day Ahead Market design, IESO and stakeholders investigate constrained pricing**
  - it was not implemented
- **Summer of 2004**
  - IESO implemented MIO dispatch but did not introduce MIO pricing

# Twelve Times Pricing - Background



- **Not using MIO pricing added yet another disconnect between price and dispatch:**
  - **Lack of consideration of transmission congestion in price calculation**
  - **Continued use of 12x ramp rate assumption in price calculation**
  - **Difference in philosophy: Multi-interval dispatch versus myopic pricing**

## Comparison of MCP Trends for June 3 - 6, 2003 and June 10 - 13, 2003



## Stakeholder Process



- **IESO began working on 12X pricing with stakeholders through the Market Pricing Working Group in May of 2004**
- **Issue discussed at 19 MPWG meetings – more frequent starting Jan 06**

# Stakeholder Process



- **April 26, 2006 – general stakeholder meeting held – provide update and request for input**
- **Numerous reports, presentations and written comments from stakeholders are available under SE #17 posted at:**  
  
**[http://www.theimo.com/imoweb/consult/consult\\_se17.asp](http://www.theimo.com/imoweb/consult/consult_se17.asp)**
- **Advisory Committee members will be provided with background materials prior to July meeting.**

# Market Pricing Options Available in the Immediate Term



- **A lower ramp rate, probably 1X using existing myopic algorithm**
- **Multi Interval Optimized pricing with 1X ramp rate**
- **Continue with 12X but add Supplementary payment to generators that ramp**
- **12X Ramp Rate (status quo)**

# Remaining Timeline for Addressing this Issue



- **June 2: Market Pricing Working Group meeting**
  - APPrO to present their views; further discussion among stakeholders
- **June 21: IESO provide Advisory Committee with management's draft recommendation to Board**
- **July 12: Stakeholder Advisory Committee meeting**
  - review IESO proposal and prepare advice to the IESO Board
- **July 27: IESO Board meeting**
  - consideration of the proposal