

IESO Quarterly Stakeholder Engagement Update October 2011



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Stakeholder Advisory Committee Highlights

Stakeholder Advisory Committee

The [Stakeholder Advisory Committee](#) voiced support for the initiatives proposed in the 2012-2014 IESO Business Plan at a recent meeting.

The IESO's proposed 2012-2014 Business Plan includes:

- Continuing with multi-year initiatives undertaken in 2011 such as Renewable Integration and Energy Modeling
- Significant amount of work to replace and upgrade major IT systems
- Support for increased audit and compliance requirements related to reliability and cyber security
- Support to address needed improvements to the market including Market Surveillance Panel recommendations

The IESO is also proposing to expand its' strategic objectives to facilitate increased consumer engagement. There was debate on this initiative with concern from some SAC members that it would mean less support for other sectors of the electricity industry. The IESO clarified that the intent is not to take support away from other areas but to recognize that it will take additional effort to achieve greater consumer engagement. A consultation will be initiated next year to determine what consumers need and to define specific initiatives to achieve greater engagement.

The Committee played a prominent role in this year's process and stakeholder priorities helped determine the IESO's initiatives over the business planning period.

Upcoming Events

November 7: [SE-91 Dispatch Technical Working Group](#)

November 11: [SE-72 Control Action Operating Reserve Study](#)

November 21: [SE-91 Floor Prices for Baseline Generators](#)

November 22: [Technical Panel](#)

December 6: [Information Technology Standing Committee](#)

December 13: [Technical Panel](#)

Many events for 2011 have yet to be finalized. Refer to the [stakeholder engagement calendar](#) for upcoming meetings.

For more information about Stakeholder Engagement at the IESO, email us at stakeholder_engagement@ieso.ca.



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The Stakeholder Advisory Committee meeting held on October 19, 2011 included a discussion on the Electricity Market Forum and an opportunity to provide input on enhancements to IESO market information. In general, members indicated the IESO was doing a good job in providing market data reports in a timely, transparent manner and offered some suggestions:

- More historical and real-time data on demand response, peak tracking, global adjustment and forecasting
- Not to duplicate what is already provided by service providers and consultants
- In the future reporting on carbon credits and emissions will be needed
- More consumption data aggregated to a local level

Members will be providing written comments which will be posted in early November. Following this, a focused stakeholder consultation will be initiated to work through these details and to consider short-term changes.

More details on the meeting can be found: http://www.ieso.ca/imoweb/consult/stakeholder_ac_meetings.asp.

Current Consultations

[Enhanced Day-Ahead Commitment \(SE-73\) Market Trials Working Group](#)

The IESO launched the Enhanced Day Ahead Commitment Process (EDAC) on October 12, after having worked closely with market participants over the last three years to successfully develop and implement important changes to Ontario's electricity market.

EDAC will bring about efficiencies through the advanced scheduling and commitment of resources which are expected to reduce costs to consumers by up to \$17 million per year. The enhanced process provides hourly schedules for generators and dispatchable industrial users over a 24-hour period in a way that ensures the least cost to consumers. Previously the market systems looked at each hour in isolation. Providing market participants with a 24-hour optimized commitment also allows them to plan better and operate more effectively.

There will be a final meeting with the working group in November to discuss lessons learned on the project. The launch marks the most significant improvement to the electricity market since it opened in May 2002.

Several Market Manuals that have been updated to accommodate EDAC changes. The list of manuals can be found on the SE-73 webpage: http://www.ieso.ca/imoweb/consult/consult_se73-pag.asp.

[Renewable Integration \(SE-91\)](#)

Early stages of this consultation helped determine the technical data required from variable generators to support centralized forecasting. The resulting rules go into effect November 1, 2011. The forms developed to gather this registration data have been posted for comment (http://ieso.ca/imoweb/consult/consult_se91.asp). A webcast was also recently held to help embedded generators understand how they will be impacted by these new rules.

The next phase of this consultation is to discuss design details related to dispatching wind and developing floor prices for baseload generation (http://www.ieso.ca/imoweb/pubs/consult/se91/se91-20110309-Final_Design_Principles.pdf). The Dispatchable Technical Working Group has been formed and will begin meeting in early November. For more information, visit the Dispatch Technical Working Group webpage (http://ieso.ca/imoweb/consult/consult_se91-DTWG.asp).

Open meetings will also be held to discuss the design principle for base-load generation floor prices which are intended to ensure efficient dispatches during periods of local and/or global surplus baseload generation situations. The first meeting will be held November 21. In preparation, the IESO met with market participants of all impacted fuel types, (wind, hydro, solar, and nuclear), to research the technical and regulatory limitations of applicable generation equipment which may need to be addressed. The research helped to guide the development of an upcoming discussion paper on floor prices for offers made by base load generators, or Principle 10, in the SE-91 Renewable Integration Design Principles.

Renewable Integration (SE-91) (http://ieso.ca/imoweb/consult/consult_se91.asp) is a stakeholder initiative discussing how the IESO will adapt power system operations and the IESO-administered markets to accommodate increases in renewable generation.

[Export Tariff Study \(SE-94\)](#)

Stakeholders worked with the IESO to determine the scenarios to be included in the Export Transmission Service Tariff Study (SE-94). There was considerable input from a broad range of stakeholders representing consumers, generators, and marketers.

There was general agreement that the study should consider the following rate designs:

- 1) Flat rate options: a) \$0; b) Status quo (\$2); c) Equivalent average network transmission charge
- 2) Two-tiered options (off-peak/peak): a) \$0 and equivalent average network transmission charge; b) \$1 and \$3.50

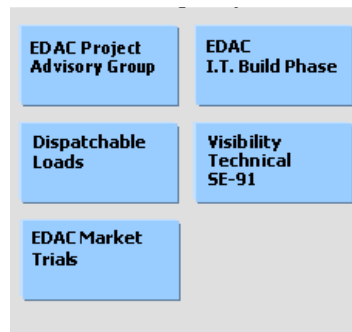
Further suggestions from stakeholders were for additional variations within the two-tiered options. The IESO will consider additional scenarios, depending on the costs associated with adding more modelling runs.

The IESO has released a Request for Proposal for a firm to study the range of proposed ETS tariffs. The study will quantify the potential impact of various ETS tariffs on specific market variables and will provide a comparative assessment of each ETS tariff with respect to some generally accepted rate-making principles.

The ETS Tariff Study will identify and examine a range of proposed export tariff designs and rate scenarios. For more information, visit: http://ieso.ca/imoweb/consult/consult_se94.asp.

[Control Action Operating Reserve \(SE-72\)](#)

The SE-72 Control Action Operation Reserve Study stakeholder group has been discussing a proposal to incorporate an Operating Reserve Demand Curve (ORDC) as a set of standing operating reserve supply offers to address CAOR issues. The IESO released a position paper discussing these issues: http://www.ieso.ca/imoweb/pubs/consult/se72/se72-20110505-position_paper.



[pdf](#).

Stakeholders are considering implementation questions such as how the ORDC would be revised in response to marketplace changes, how reserve shortage prices would be set, and principles to follow when setting ORDC prices. Additional comments were requested and have been posted on the SE-72 webpage: http://www.ieso.ca/imoweb/consult/consult_se72.asp.

The next CAOR Study (SE-72) meeting will be held on November 11 to review the results of market impacts analysis.

Control Action Operating Reserve refers to the demand relief realized when the IESO uses certain out-of-market control actions as per reliability standards in order to meet the Ontario operating reserve requirement. SE-72 involves reviewing the pricing and structure of the CAOR standing offers to address concerns raised by stakeholders. For more information, visit http://www.ieso.ca/imoweb/consult/consult_se72.asp.

Closed Consultations

[Online Prudential Tool \(SE-95\)](#)

The IESO is moving forward on developing an Online Prudential Tool to help market participants understand and manage their prudential requirements.

The IESO gathered feedback from market participants to understand what information or tools would help market participants manage their prudential requirements within the current framework.

Comments from stakeholders included:

- This type of tool would help them understand prudential obligations
- Updates on daily exposure, trading limits, and notification levels would be helpful
- A prudential calculator would help some market participants actively manage their prudential requirements
- IESO should ensure that the cost of building the tool is justifiable

For more details on these comments and the initiative, see the SE-95 webpage: http://www.ieso.ca/imoweb/consult/consult_se95.asp. A test version of the tool is planned for mid-2012.

[Compliance Auditing of Reliability Standards for Ontario Market Participants \(SE-93\)](#)

The IESO has completed the SE-93 consultation to develop a process to audit compliance to Reliability Standards. The working group assisted in developing a concept document which sets out the principles and process for conducting compliance audits. The concept document has been converted into an enduring market manual which has been posted on the IESO website for comment: <http://www.ieso.ca/imoweb/changes/changeNoticeList.asp>. Stakeholders can submit final comments until November 4, 2011 to pending.changes@ieso.ca.

The first audits are expected to begin in the first quarter of 2012. Select market participants who will be audited by the IESO for reliability compliance in the first quarter of 2012 have received notification.

For more information on SE-93: http://www.ieso.ca/imoweb/consult/consult_se93.asp.

Update on Standing Committees

[Reliability Standards Standing Committee](#)

The IESO is reviewing the information it is providing market participants regarding the reliability standards (NERC and NPCC) mapped to market participants. The IESO will seek to clarify the applicability of reliability standards in Ontario and will investigate additional means for communicating and clarifying the mapping of standards to market participants and their facilities.

Members of the Reliability Standards Standing Committee were also provided with an update of the audit results of the IESO's Reliability Coordinator, Transmission Operator and Balancing Authority functions. The audit was the IESO's most successful to date, with one potential violation relating to Requirement R2 of NERC reliability standard COM-002-2 - Communications and Coordination.

For more information, see http://www.ieso.ca/imoweb/consult/consult_rssc.asp.

[Information Technology Standing Committee](#)

Members of the Information Technology Standing Committee have been reviewing several IT projects that will be implemented over the next few weeks and months. These include:

- The retirement of PKI Authentication (use of digital certificates in the Market Participant Interface) by December 31, 2011. This will reduce administration burden for both IESO and market participants.
- Adaptive Authentication applied to the IESO Portal, planned for early 2012. This will enhance the security of the IESO Portal.
- Decommissioning the Participant Lifecycle (registration information database) in December 2011. Registration information will be provided upon request until the system is replaced. This will reduce the administrative burden on both IESO and market participants. The Registration Automation project following will allow MPs to submit and update their own registration data online. More details can be found at: http://www.ieso.ca/imoweb/consult/consult_se90.asp
- New Customer Energy Summary report available by early 2012 will allow certain MPs access to information about their energy usage and help with energy management.

For more information on these projects: http://ieso.ca/imoweb/consult/it_meetings.asp.

Reliability Standards	Information Technology
Revenue Metering	Commercial Reconciliation
Wind Power	Outage Planning
Inter-Jurisdictional Trading	