

To: IESO Stakeholder Engagement

Date: March 4, 2009

From: David Peterson, OPG

**Re: OPG's Comments on SE-57 Embedded and Intermittent Generation**

OPG welcomes the opportunity to comment on the expanded scope of SE-57, particularly as it relates to SBG management and priority dispatch. This is an important issue today and, as identified in the IESO's Operability Report, a more prevalent issue in the future.

There are a number of issues that will arise in the future which should be addressed in the revised stakeholder plan dated January 6, 2009. OPG suggests that the following be considered for discussion within this SE:

- The Draft Priority Dispatch document, discussed at the February 10, 2009 stakeholder meeting, focuses on the near term, two hours or less, in which SBG is identified in the pre-dispatch or dispatch schedules. However, many resources in the Ontario market require advance notice in order to curtail generation. In some cases, the advance notice requirements can extend to days. For example, certain hydroelectric facilities may only be allowed to initiate spill during daylight hours and due to regulatory/safety issues the spill may extend for a period greater than the actual SBG event.
- Any type of contracted generation receiving a fixed price may be indifferent to market prices and therefore have no incentive to proactively reduce output. Currently, these resources may only be curtailed in emergency situations. Additionally, these resources may not receive any contractual payments when curtailed which will result in an economic burden to the proponent.
- The IESO must develop a means to mitigate SBG well in advance of the actual event. This would require coordination and consideration of compensation for those willing to respond proactively.
- There should be consideration given to demand side solutions, including an export bid cap.
- The IESO must consider solutions to SBG which are within their control. For example, during periods of forecasted SBG, the IESO could use the average demand forecast in pre-dispatch instead of the current peak demand forecast. As well, the IESO could eliminate IOG during these periods. Additionally, the IESO should ensure that they do not over-forecast demand during SBG periods.
- The communication protocol for expected SBG conditions should be reviewed and enhanced to identify both system wide and regional SBG conditions. The IESO should consider the communication used by other markets that proactively communicate SBG conditions both prior to the event and during the event.
- The IESO must document SBG procedures in the Market Manuals including trigger points for proactive mitigation.
- The IESO should open the mandatory bid window in cases where this would alleviate SBG.

In conclusion, this issue is of great importance to the reliable operation of the Ontario power system and therefore requires broad stakeholder input. The IESO must reach out to engage participants who might not normally be involved in the stakeholder process. To ensure these discussions take place, a further stakeholder meeting should be arranged.