

Stakeholder Engagement SE-57

IESO Response to Written Stakeholder Comments on Centralized Forecasting



On August 11th the IESO advised embedded and intermittent generation stakeholders that it would implement centralized forecasting for variable generation. The IESO proposed a generator-funded model for recovering the cost of centralized forecasting from variable generators. Stakeholders were asked to provide comment on a preferred generator-funded model by August 28, 2009.

Comments were received from two stakeholders, as summarized below, along with the IESO's responses.

Power Workers' Union (PWU)

The PWU reiterated its support for the IESO's decision to implement centralized forecasting. The PWU agreed with the IESO that the cost of the new forecasting system should be recovered from the variable generators (i.e. wind and solar generation).

A full text of the PWU submission can be found at: http://www.ieso.ca/imoweb/pubs/consult/se57/se57-20090811-PWU_Comments.pdf.

IESO Response

The IESO thanks the PWU for its comments.

Brookfield Renewable Power (Brookfield)

Brookfield proposed that the cost of centralized forecasting should be recovered from ratepayers on the basis that centralized forecasting will deliver global reliability benefits.

Brookfield also indicated support for the IESO's proposed centralized forecasting system, subject to several caveats.

A full text of the Brookfield submission can be found at: http://www.ieso.ca/imoweb/pubs/consult/se57/se57-20090811-Feedback-Brookfield_Renewable_Power.pdf.

IESO Response

The IESO thanks Brookfield for its comments and recommendations.

In Ontario, generators finance the costs of meeting their forecasting requirements under the existing decentralized regime. Under a centralized model, those current costs would be replaced by the costs of the centralized service. If ratepayers were to absorb the costs of centralized forecasting, this would amount to a wealth transfer from ratepayers to generators. There does not appear to be a justification to implement such a cost transfer.

With respect to Brookfield's proposed caveats on centralized forecasting:

At a June 16th, 2009 SE-57 meeting the IESO proposed replacing the existing decentralized forecasting system with centralized forecasting. The stakeholder deadline for comment was July 3rd, 2009.

The IESO intends to implement a system that is administratively simple and cost effective (estimated cost of approximately \$0.135 per MWh based on operational experiences of other jurisdictions). Once implemented, centralized forecasting will be monitored on an ongoing basis. A clear success factor will be the ability for centralized forecasting service to deliver superior forecasts than those delivered under the existing decentralized forecasting system. Improved forecasts will improve reliability and enable the growth of Ontario's renewable energy sector.

For further details on the benefits of centralized forecasting in Ontario please see the IESO paper *Improving Forecasts from Variable Generation*, available at:

<http://www.ieso.ca/imoweb/pubs/consult/se57/se57-20090616-Centralized-Wind-Forecasting.pdf>