

## **IESO Stakeholder Engagement**

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**From:** IESO Stakeholder Engagement  
**Sent:** April 15, 2011 10:55 AM  
**To:** IESO Stakeholder Engagement  
**Subject:** Update on Real Time IOG Offset Process and EDAC

This email is being sent to all IJT members and all registered traders in PLC  
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**From Dave Robitaille, Chair of the IJTSC, on behalf of the EDAC Team**

### **Update on Real Time IOG Offset Process and EDAC**

Background:

In November 2010, the EDAC project team met with the Inter Jurisdictional Trading group to discuss the impacts on the EDAC implementation on the real time IOG offset process. The presentation pointed out the differences the new process would have from the existing Offset process and provided a forum for traders to provide comment to the project team. The presentation can be found at the link below:

[http://www.ieso.ca/imowebpub/201011/IJT-20101122-IOG\\_and\\_Real-Time\\_Scenarios.pdf](http://www.ieso.ca/imowebpub/201011/IJT-20101122-IOG_and_Real-Time_Scenarios.pdf)

At the time of the meeting, the project team asked for written comment. Only one comment was received from Ontario Power Generation. This comment provide a recommendation to consider using the minimum of the export's market and constrained schedules.

At the Technical Panel meeting held January 18, 2011 a generator representative reiterated the concern of OPG that the EDAC implementation could deter exports in the Northwest against imports in another part of the province, when the two transactions are separated by a congested interface. The IESO agreed to investigate further, and return to the Panel with a potential amendment to the EDAC rules if necessary.

MR-00377 – Revise Real Time IOG Offset Calculations:

EDAC project staff investigated the outcomes of various scenarios presented by OPG's proposal, and determined that while further investigation of impact on traders was necessary, the IESO should recommend to the Panel that the proposal itself did merit consideration. On February 15, 2011 the Technical Panel determined that the concern identified in the rule amendment submission warranted consideration. The submission can be found at the link below:

<http://www.ieso.ca/imoweb/pubs/mr2011/MR-00377-Q00.pdf>

In further considering the rule amendment, the IESO investigated the potential impact to traders as well as the cost of the system changes, testing and implementation of the rule. A study period from September 2009 to the end of 2010 was chosen, due to the stability of scheduling protocols throughout the period. The results of that study are as follows:

Benefits – Twenty-two traders would have been subject to IOG offsets under the EDAC implementation. Of these 22 traders, only 12 carried out trades of the nature that originated the concern (import into one area of the province with a constrained on export out of another area of the province). Under the revised rule, these traders would see a total estimated reduction in IOG offset (compared to the EDAC implementation) of \$44k for the study period. Eight of these traders would see benefits less than \$1000 in total.

Costs – The EDAC project team estimates that it would cost \$300k to implement the proposed change to IESO settlement systems, not inclusive of other implementation costs.

Conclusion:

Due to the high cost and low benefit to traders (based on historical values), the IESO has recommended to the Technical Panel that MR-00377 no longer merits consideration.

The memo to the Technical Panel can be found at the link below:

[http://www.ieso.ca/imoweb/pubs/icms/tp/2011/04/IESOTP\\_249\\_5a\\_MR\\_00377\\_Q00\\_Cover\\_Memo.pdf](http://www.ieso.ca/imoweb/pubs/icms/tp/2011/04/IESOTP_249_5a_MR_00377_Q00_Cover_Memo.pdf)

While this recommendation is based on historical evidence, the IESO recognizes that should trading patterns change following the implementation of the enhanced Day Ahead Commitment Process, traders may wish to review the impact of these changes and raise the issue with the Inter Jurisdictional Trading group.

Regards,

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Enhanced Day Ahead Commitment Project  
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