

# Feedback Form

## Market Renewal Implementation – Draft Market Power Mitigation Market Rules and Market Manuals – August 12, 2021

### Feedback Provided by:

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To promote transparency, feedback submitted will be posted on the Implementation Engagement webpage unless otherwise requested by the sender.

Following publication on August 12, 2021, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the draft batch of Market Rules and Market Manuals for Market Power Mitigation. The draft documents can be accessed from the [Implementation Phase documents webpage](#). Additionally, materials from the August 26, 2021 webinar where the IESO provided an overview of the documents can be found on the [engagement web page](#).

**Please submit feedback to [engagement@ieso.ca](mailto:engagement@ieso.ca) by October 15, 2021.** If you wish to provide confidential feedback, please mark the document “Confidential”. Otherwise, to promote transparency, feedback that is not marked “Confidential” will be posted on the engagement webpage.

## Market Rules – Chapter 3

What feedback do you have on the Chapter 3 draft market rule amendments?

Section / Topic	Feedback
Click or tap here to enter text.	Click or tap here to enter text.

## Market Rules – Chapter 7

What feedback do you have on the Chapter 7 draft market rule amendments?

Section / Topic	Feedback
Click or tap here to enter text.	Click or tap here to enter text.

## Market Rules – Chapter 11 Definitions

What feedback do you have on the new, modified, or deleted terms in Chapter 11?

Section / Topic	Feedback
Click or tap here to enter text.	Click or tap here to enter text.

## Market Manual 14.1

What feedback do you have on draft Market Manual 14.1?

Section / Topic	Feedback
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## Market Manual 14.2

What feedback do you have on draft Market Manual 14.2?

Section / Topic	Feedback
Click or tap here to enter text.	14.2.8.3.3 Regarding the Maximum Number of Starts per Day. If the generator cannot provide any of the supporting documentation listed in 14.2.8.3.3 is the IESO willing to work with the resource to review historical start/stop data and determine to develop a reasonable cap for the number for the maximum number of starts a resource has per day? Would the IESO be willing to utilize the expertise of their technical consultant to confirm this reasonable value? In section 22.3.2.7 it says a maximum

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	<p>number of 10,000 starts per day. If a generator chooses to not submit a reference level quantity will the 10,000 start/stops per day be used? What was the basis for choosing 10,000 start/stops per day, was there a technical reason behind this?</p> <p>14.2.8.3.1 The Energy Ramp rate. Ramp rate restrictions listed in a Water Management Plan are considered the absolute maximum or minimum (depending). Is the IESO willing to let a resource enter a ramp rate that is slightly above/below (depending) that threshold, which is consistent with the resource’s current operations? As an FYI to the IESO: if a resource instantaneously violates a ramp rate, it is a reportable event and the operator needs to submit a non-compliance. Of more pressing an issue, these violations in ramp rates could result of public safety concerns, environmental issues or property damage.</p> <p>14.2.9.2.1 For Energy Reference Quantities/ 9.2.2 Operating Reserve. What does the IESO intend to use the minimum head-based capabilities for each generation unit for? We are having a difficulty in find where and for what reason this data is to be used. Also, what is meant by “This amount is reduced to account for outages and de-rates on that resource.” Some units may have additional de-rates beyond head based restrictions, such as mechanical de-rates.</p> <p>14.2.6.4.5 Forebay Refill Opportunity Cost. We understand the intention of this optional parameter in calculating the opportunity cost. However, while it can be based on the provided methodology to arrive at some value, it will not always capture the true value of that water. For example, this calculation may produce 3 days or some small number, but on an operational side during periods of low inflows, we need to be so careful with our water that the 1 extra hour of water is really going to be needed 2 week, two months or some period down the road for compliance minimum flows. How can one put a value on that? Once again, this all comes back to the concept that if the IESO is going to change the offer/bid price (potentially mitigate down the offer price) where a resource could be called for marginal generation the operator may choose the force out/force de-rate the unit making the resource not available even for an ORA, ultimately impacting system reliability.</p> <p>14.2.6.4.4.2 Market Participant Election of Approach to Determine Base LMPs. If both proposed options are acceptable to the IESO, then both options should be put in place and run simultaneously, and the maximum of either options should be automatically applied as the base LMP on a continuous basis. In doing so, all hydro units would be treated equally when the IESO needs to choose between two hydro units to dispatch. Allowing hydro units to choose which option to commit to for an entire year could lead to inefficient use of available hydro capacity for the IESO. For example, if the more flexible hydro is allowed to price itself at \$1,000 above the least flexible hydro, it would result in the IESO dispatching the least flexible hydro first, exhausting it and forcing it out, and losing its operating reserves available to respond to a real emergency. Under our proposed dual-model, automatic selection</p>

approach (i.e. both options being run simultaneously and automatically selected by the IESO), a hydro unit with 1 hour of marginal run left before being forced out would not be allowed to price itself as high as a neighbouring hydro unit with unlimited hours of run time left, simply because the first unit chose a different method 3 months ago. In this context, all operators would voluntarily compete using the same price caps, would not need to manually decide which 'option' to use, and would not need to adjust offer behaviour depending on which 'option' is currently in place. This creates a leveled playing field for both operators and the IESO. As such, the IESO would remove the uncertainty of a hydro unit potentially exercising market power due to a decision made months ago, which cannot be changed more than once a year. In turn, the only differentiating and decision factor for hydro operators would be the location of the unit (as determined by LMP/congestion) and its storage horizon: this setup would be easier for the IESO to monitor. If a unit were given the possibility to choose and lock in to a single option, their operators would be forced to analyse and pick the option that they believe will give them the most flexibility for a year (i.e. the option resulting in a higher ref price), and the hydro units that make the wrong but unchangeable decision will be forced to price itself below others, potentially resulting in the IESO inefficiently using its hydro fleet. Our proposed dual-model, automatic system also has the advantage of reflecting operating conditions better, as base LMPs would be automatically determined on a daily and continuous basis. In contrast, the IESO's proposal requires an operator to commit to one single option for an entire year. Below is an example for your consideration:

- Hydro A and Hydro B are identical hydro units owned by different companies, and located in the same region. They each picked different reference price options.
- Hydro A has 1 hour of marginal run until forced out, with a ref price of \$50 (P95 method).
- Hydro B has 24 hours of marginal run, with a ref price of \$1000 (28D method).
- Hydro A will price itself at its max of \$50, and cannot go higher even if it wants to signal that it's not flexible.
- Hydro B can price itself at \$1000, but wants to get called because they have flexibility, so they price themselves at \$75 because they consider that a good price, and cannot know that Hydro A has a \$50 cap.
- Under the IESO proposal, Hydro A will get called first, run one hour, and then get forced out. IESO will lose OR from Hydro A for the rest of the day, and Hydro B will not get called.
- Under our dual-model, automatic system, Hydro A and Hydro B would price themselves at the same price cap. The Hydro that wants to be dispatched more will price themselves lower than their price cap, and the other that does not want to will price themselves at the cap. Neither Hydros need to consider which option is currently locked in place, and the IESO need not consider whether dispatching the lower priced Hydro would force it out.

## Conforming Changes – Market Manual 1.3

What feedback do you have on the conforming changes to Market Manual 1.3?

Section / Topic	Feedback
Click or tap here to enter text.	Click or tap here to enter text.

## Conforming Changes – Market Manual 1.5

What feedback do you have on the conforming changes to Market Manual 1.5?

Section / Topic	Feedback
Click or tap here to enter text.	Click or tap here to enter text.

## General Comments/Feedback

Click or tap here to enter text.