Stakeholder Feedback and IESO Response

Market Renewal Program: Consolidated Draft September 1, 2022

The IESO posted a consolidated set of draft market rules and market manuals on September 1st, 2022 and received written feedback from:

Ontario Power Generation

Related presentation materials and recorded sessions have been posted on the IESO stakeholder engagement webpage. If interested, please visit the webpage to reference the feedback submissions directly as the below uses excerpts and/or a summary of the stakeholder feedback for the purposes of providing an IESO response.

Please contact IESO Engagement at engagement@ieso.ca if you have any questions.

Ontario Power Generation

Table 1 | Ontario Power Generation Feedback and IESO Responses

Feedback	IESO Response
Ex-Ante Validation of Non-Financial Dispatch Data Parameters: 1. The Minimum Generation Block Down-Time (MGBDT) conduct thresholds listed in Sections 22.13.1.2, 22.13.1.3 and 22.13.1.4 are not in alignment with the MGBDT conduct threshold listed in Market Power Mitigation Design Document Version 2.0, Section 3.5 Table 3-4. Which conduct threshold(s) take precedence? Table 3-4 includes "or submitted MGBDT across all thermal states more than 6 hours above the	1. The conduct thresholds in the rules reflect the current design. These thresholds were changed in response to internal feedback received during solution development. The change was reflected in the updated Market Power Mitigation batch of market rules and market manuals, published December 17, 2021, and were part of market rule amendment proposal MR-00455-R00 reviewed by the Technical Panel. This test was removed because it would not have functioned as intended following a change to the relevant conduct threshold per thermal state.

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total reference levels across all thermal states." OPG is unable to find this conduct threshold within the Market Rules. Can the IESO clarify this apparent discrepancy?	
2. The conduct threshold for MGBDT (hot) is the inverse of the conduct threshold conditions of MBGDT (warm) and MGBDT (cold), i.e., "more than" vs "is below"; "above" vs "minus". What is the rationale for the inversion?	2. When reviewing submitted MGBDT (hot), the IESO assesses whether the market participant submitted a value that made the resource appear less flexible than the resource's actual operational capability. When reviewing MGBDT (warm) and MGBDT (cold), the IESO assesses whether the market participant submitted a value that made the resource appear more flexible than its actual operational capability. The MGBDT (warm) and MGBDT (cold) parameters are used to determine when the calculation engine should use the warm or cold thermal state. A resource that submits a MGBDT (warm) or a MGBDT (cold) that is too low will otherwise communicate a transition point to the warm or cold thermal state that is inconsistent with the reference levels that rely on the thermal state (e.g., start-up offer reference level).
3. Suggest revising the validation for energy per ramp hour for improved clarity, as the original wording implies "more than 50% above the upper bound or more than 50% below the lower bound", which can be inconsistent in determining how the lower bound is calculated.	3. Under the current drafting, the validation will reject submitted dispatch data if the submitted energy per ramp hour is below the indicated threshold. The implication of the current drafting is correct, as the validation will reject the submitted dispatch data if it is more than 50% below the lower bound (e.g., 51% below, 52% below, etc.). The suggested change would have the validation reject dispatch data that is less than 50% below the lower bound (e.g., 49%, below, 48% below, etc.) The suggested change would alter the design for this reference level and would result in this validation working differently than intended. As a result, the requested change will not be made.

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Ex-Post Mitigation of Physical Withholding: 4. OPG requests clarity on the structure of Section 22.15.4. The confusion of the different conditions stems from the wording within Section 22.15.4.2, where the last "and" condition, along with the preceding comma, infers that Sections 22.15.4.3 to 22.15.4.6 are sub-conditions of Section 22.15.4.2. Can the IESO please provide clarification to address the ambiguity stemming from the current wording? OPG suggests following the same section layout as in Section 22.15.11 for Section 22.15.4.	4. Section 22.15.4 reflects the design stated in the Detailed Design Version 2.0 document. OPG's understanding of Section 22.15.4 would be correct if Sections 22.15.4.3-22.15.4.6 were subsections of 22.15.4.2 (i.e., 22.15.4.2.1-22.15.4.2.4), however this is not the case. This is the same approach to layout and drafting that is applied in Section 22.15.11.
5. Sections 22.15.4.3 to 22.15.4.6 outlines the four conditions for Market Control Entity (MCE) conduct test. All four sections begin with: "the energy offer was below the resource's reference quantity value and the resource…" The "and" wording in Sections 22.15.4.3 to 22.15.4.6 implies that the resource must meet condition A and condition B to be included in the MCE conduct test. However, this wording would exclude any resources that offered above its reference quantity under constrained area condition in the MCE conduct test and would negatively bias the assessment outcome. OPG proposes revising Section 22.15.4.2 to address this inequity in the MCE conduct test Market Rules.	5. Limiting the MCE conduct test for physical withholding to resources that offer less than their reference quantity prevents resources that offer their available supply from facing a physical withholding charge. Making the requested change would create a risk that resources that offered their available supply could nevertheless face a physical withholding charge. The current approach also ensures that market participants cannot offer more supply in one area while physically withholding supply in another area to avoid assessment of physical withholding. Making the requested change would allow a market participant to avoid a physical withholding settlement charge by offering above a resource's reference quantity in one area, despite offering below another resource's reference quantity in another and significantly increasing prices. As a result, the IESO will not make the requested change.
6. Section 22.15.5 provides the details for ex-post mitigation testing for resources that share an MCE. The market rules for testing the MCE resources correspond to the examples provided in Market Manual 14.1 Section 5.4. There is discrepancy in	6. The IESO has updated Sections 22.15.5.1.2 and 22.15.2.1.2 in response to your feedback. The most recent update to the Market Power Mitigation market rules and market manuals,

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the conditions laid out in the Market Rules and the information provided in the example. Regardless of failure of the individual conduct test, all the resources in the same constrained area condition and sharing the same MCE should be included in the aggregated total for the MCE test, not excluded. The exclusion presented in the Market Manual example can lead to potential false positives in the mitigation assessment, as the aggregated total of all generators might not have failed the MCE conduct test, notwithstanding the offered quantities and reference quantities used in the example. The exclusion presented in the MCE conduct test example puts the MCE at a pre-emptive disadvantage by excluding physical quantities that impact the outcome of the assessment.	published March 16, 2023, includes this change and is available here. Please see response #5 above regarding Sections 22.15.4.3 to 22.15.4.6. This approach does not disadvantage any market participant. A physical withholding settlement amount can only result if a resource offers less than its available supply and that withheld supply resulted in increased price. Additionally, market participants will always have an opportunity to provide information to ensure that the reference quantity value is an accurate representation of the available supply.
7. Sections 22.15.11.3 to 22.15.11.4 outline the two conditions for MCE OR conduct test. Both sections begin with: "the offer for operating reserve was below the resource's reference quantity value and the resource…" Similar to the comment for the energy conduct test above (Sections 22.15.4.3 to 22.15.4.6), the current format of the Market Rules unnecessarily puts the MCE on a negatively biased position regarding OR conduct test for physical withholding. Along with the similar rationale above, OPG proposes revisions to Sections 22.15.11.2 to 22.15.11.4.	7. Please see response #5 above regarding Sections 22.15.4.3 to 22.15.4.6.
8. Should Sections 22.15.13.1 and 22.15.13.2 be referencing Sections 22.15.11.3 and 22.15.11.4, so that the linkage is to the definitions of global and local operating reserve market power conditions, respectively? This would bring the referencing in Sections 22.15.13.1 and 22.15.13.2 to be in alignment with the referencing in Sections 22.15.5.1 and 22.15.5.2.	8. This section has been changed in response to your feedback. The most recent update to the Market Power Mitigation market rules and market manuals, published March 16, 2023, includes this change and is available here.

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9. The term "at least one other resource" is used in Section 22.15.13.1.2, but does not appear in other similar sections, such as in Section 22.15.13.2.2. What is the rationale for the addition of this condition in Section 22.15.13.1.2?	9. This section has been changed to remove the referenced term in response to your feedback. The most recent update to the Market Power Mitigation market rules and market manuals, published March 16, 2023, includes this change and is available here.
General Comments/Feedback: 10. When resources are aggregated for MCE conduct testing based on constrained area, would the resources be aggregated from the same constrained area (i.e., the area where the initial resource failed the individual conduct test and triggers the MCE conduct test), or would the resources be aggregated globally based on the same constrained area type? Would the aggregation methodology change depending on the type of constrained area? a. For Narrow Constrained Area (NCA) resource aggregation, would the resources need to be within the same NCA area and controlled the same MCE, or would aggregation apply to all resources within all NCA areas controlled by the same MCE? Is the reference quantity aggregation for NCA MCE conduct test global or local? b. For resources located in different Dynamic Constrained Areas (DCAs) triggered by independent system constraints, e.g., DCA 1 triggered by QFW congestion and DCA-2 triggered by FNFS congestion, would the resources within DCA-1 and DCA-2 be aggregated together under a single MCE conduct test? Or would there be independent MCE conduct tests performed for DCA 1 and DCA-2? c. Would the BCA MCE conduct test aggregation be applied globally? There are inconsistencies between the Market Power Mitigation Design Document Version 2.0, Market Manual 14.1, and Market Rules Chapter 7	10. All resources that meet a particular condition for a dispatch hour (NCA in part a, DCA in part b, and BCA in part c) and which have the same market control entity for physical withholding (MCE PW) are tested according to related market rules regarding the MCE PW conduct test. The aggregation methodology does not change depending on the type of constrained area. This approach ensures that market participants are not able to oversupply in one constrained area while withholding supply and driving a significant price impact in another constrained area. While the conduct test carried out is based on the type of constrained area a resource is part of, the impact test will isolate price impacts within particular constrained areas, ensuring that a first notice of physical withholding will be issued only when physical withholding results in a significant price increase for a resource. All resources with the same market control entity for physical withholding that are located within a NCA will have their offers and reference quantities aggregated for the MCE PW conduct test. Reference quantity aggregation for the NCA MCE PW conduct test is global. All resources in all DCAs (DCA-1 and DCA-2 in this example) that share a market control entity for physical withholding would have their reference quantities and offers aggregated for the purposes of the DCA MCE PW conduct test. All resources with the same market control entity for physical withholding that meet the BCA condition for physical withholding will have their

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in the application of mitigation testing conditions, as well as inequities applied to market participants in the case of MCE mitigation testing. It is important that these inconsistencies and inequities are addressed prior to the finalization of the Market Rules to ensure consistency and fairness in the Market Power Mitigation framework.	offers and reference quantities aggregated for the MCE PW conduct test. Reference quantity aggregation for the BCA MCE PW conduct test is global. The market power mitigation design has evolved since the detailed design documents were posted and has been updated multiple times in response to stakeholder feedback on the proposed market rules and manuals. With this larger context, what may appear to be "inconsistencies" between the detailed design documents and the proposed market rules and manuals can be seen as the result of the IESO responding to internal and external feedback on the design and its implementation thereof. The IESO welcomes continued stakeholder feedback on specific sections of the published rules and manuals, which reflect the current expression of the market design, and their implications for market participants. The current approach does not create a disadvantage for any market participant. Instead, it avoids the risks for suppliers and consumers identified above. A physical withholding settlement amount can only result if a resource offers less than its available supply and that withheld supply resulted in increased price. Additionally, market participants will always have an opportunity to provide information to ensure that the reference quantity value is an accurate representation of a resource's available supply.