

Market Development Advisory Group (MDAG)

Meeting date: 21/01/2020

Meeting location: IESO, Adelaide Street West

These meeting notes includes a summary of these agenda items: IESO response to Market Surveillance Panel (MSP) Reports, Intertie Trading: A Focus on Exports, Expanding Participation in Operating Reserve and Energy (EPOR-E), and Increasing Competition in Ancillary Services through Regulation Services Procurement (refer to the agenda [here](#)). Detailed meeting notes on the Transmission Rights Clearing Account for the January 21, 2020 meeting are in a separate document available on the MDAG [engagement web page](#)

Agenda Item 1: Welcome and Introductions

David Barrett, IESO, welcomed members and stakeholders to the meeting and reviewed the meeting participation steps for participants attending in-person, on the webcast and on the phone. Those attending the meeting in person introduced themselves and David passed the floor over to Leonard Kula.

Agenda Item 2: IESO responses to Market Surveillance Panel Reports

Leonard Kula, IESO, provided a review of the latest MSP report findings on Demand Response modelling. He recapped in certain hours during the 11-month period of May 2016 to April 2017, the IESO's calculation model overstated electricity demand from some distribution-connected consumers which led to an increase in the wholesale electricity price in Ontario. The MSP noted a wholesale market impact of \$450-560 million (which includes HOEP and uplift charges). The IESO's own analysis estimates the impact at about \$225 million as it assumes some price responsive behaviour in the market. Due to the relationship between wholesale prices and global adjustment the net market impact across Ontario customer groups was less than \$10 million. Moving forward, the IESO will use a quality assurance and deployment function, where the IESO will audit the dispatch engine pre-deployment testing process to ensure changes are properly designed and implemented. The IESO currently has bi-annual auditors come in to review the dispatch engine in relation to the market rules.

Leonard briefly commented on the Transmission Rights Clearing Account (TRCA) disbursement, and that the IESO has heard the feedback from stakeholders and that changes will be made to the implementation timeline, as outlined in the materials.

A stakeholder raised a question related to the recent delay of the Resource Adequacy engagement and expressed frustration about another delay.

Leonard responded that the Planning Outlook will be issued soon, and the IESO is looking forward to having that engagement when it takes place.

Agenda Item 3: Intertie Trading: A Focus on Exports

Hok Ng, IESO, provided members of MDAG with an education item on intertie trading. The presentation covered a review of why intertie trading takes place and how trades are scheduled. Hok also provided a few examples of different trading situations and the effect on the IESO market.

Agenda Item 4: Transmission Rights Clearing Account

The detailed meeting notes on the Transmission Rights Clearing Account discussion for the January 21st meeting are in a separate document available on the MDAG engagement web page.

Agenda Item 5: 2020 Work Plan: Expanding Participation in Operating Reserve and Energy (EPOR-E)

Tyler Chuddy and Mark Hartland, IESO, provided members with an update on the EPOR-E scoping assessment. The IESO provided an overview of the Energy and OR markets requirements to participate. They recapped the scope of work, the phases of EPOR-E project, coordination with the Innovation and Sector Evolution Whitepaper Series (specifically the DER-focussed whitepapers) and the storage design project, as well as a timeline for completion. The IESO provided an overview of how resource types included in EPOR-E are currently participating and some resource specific items the IESO will need to consider when completing the assessment of market requirements.

A stakeholder suggested that the IESO should keep in mind any outstanding OR recommendations from the MSP when moving forward with the initiative.

Agenda Item 6: Increasing Competition in Ancillary Services through Regulation Services Procurement

Adam Butterfield, IESO, presented to members a background of IESO ancillary services, how these services have been acquired in the past and how to procure these going forward. IESO ancillary services currently consist of operating reserve, regulation, black start, and reactive support and voltage control (RSVC). Operating reserve is currently a market-based product, while the other ancillary services are procured through contracts – either through a competitive approach or bi-lateral negotiation. To evolve ancillary services, the IESO will aim to procure these services in an open and competitive manner as a transition towards market-based approaches.

Stakeholders also provided suggestions and requested further information on the proposed Regulation Services Procurement:

- Whether this procurement will be in addition to the existing regulation contracts?
 - The IESO clarified there would be a near-term overlap between existing and new contracts.

- Has the IESO considered non co-optimized market solutions?
 - The IESO acknowledged it will consider this suggestion as it develops the procurement process.
- Allowing incremental rule and requirement changes for each subsequent procurement round (e.g., to incorporate lessons learned) could result in different requirements and rules for different resources in a given year, or could result in different requirements for the same resource in successive years. This could result in complexity within IESO system requirements.
 - The IESO acknowledged this possibility and will consider ways to mitigate as it develops the procurement process.

Agenda Item 7: Conclusion and Wrap-Up

Barbara Ellard wrapped up the meeting by detailing what is to be expected in 2020. The main focus will be on the 2020 Work Plan initiatives: EPOR-E and evolution of ancillary services. For the March meeting, some other items will include environmental attributes and an overview of MSP recommendations.

A stakeholder suggested a market change “roadmap” and a table identifying MSP recommendations.

The IESO responded with agreement to bring those back and suggest members review the IESO's annual MSP report.

Another stakeholder requested any MSP recommendations on systemic changes, the IESO should identify those and inform members what the IESO will be working on.

The IESO thanked all participants and welcomes further feedback from all stakeholders.

Feedback should be sent to engagement@ieso.ca.