

Stakeholder Feedback Form: MRP Energy Detailed Design

Design Document: Market Billing and Funds Administration

Stakeholder Feedback Form

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Feedback Due: February 28, 2020

Feedback provided by:

- Company Name: Electricity Distributors Association
- Contact Name: K. Farmer
- Phone: 905-265-5333
- Email: kfarmer@eda-on.ca

The IESO is posting a series of detailed design documents which together comprise the detailed design of the MRP energy stream.

This design document is posted to the following engagement webpage: <http://ieso.ca/en/Market-Renewal/Energy-Stream-Designs/Detailed-Design>.

Stakeholder feedback for this design document is due on March 6, 2020 to engagement@ieso.ca.

Please let us know if you have any questions.

IESO Engagement

General feedback on the Detailed Design Document

These are the comments of the Electricity Distributors Association (EDA) on the Independent Electricity System Operator's (IESO) Group One Detailed Design documents for the Market Renewal Program (MRP) that were released on November 28, 2019. The EDA supports the MRP's objectives of increasing competition, improving market efficiency, and increasing transparency in Ontario's wholesale electricity market in the expectation that these improvements will contribute to placing downward pressure on electricity commodity prices to the benefit of consumers. The EDA's comments herein focus on the anticipated impacts of the MRP on LDCs and to LDC customers.

Process next steps

The EDA seeks additional clarity with respect to the next stages of MRP implementation. The IESO recently announced that it is postponing the release of the remaining chapters of the Detailed Design, and by implication of information relevant to LDCs and market training, by several months. The EDA requests that the IESO make its updated MRP engagement schedule available at the earliest opportunity.

The EDA also seeks increased transparency of how the IESO incorporates changes into the Detailed Design chapters so that LDCs can explain MRP to their customers.

Concluding Thoughts

The MRP raises many questions for the IESO, the regulator and government. As expressed elsewhere, the EDA supports the MRP's objectives. LDCs look forward to the renewed market realizing the promise of lower costs for consumers. There is increasing urgency for the Ontario Energy Board (OEB) to engage itself in the renewal of the market, as changes to its regulatory instruments (e.g., Code amendments, updates to the Regulated Price Plan, Cost Allocation) may be necessary and will have an impact on consumers and consumer protections.

If you have any further questions on this matter, please contact Kathi Farmer at kfarmer@eda-on.ca or at 905.265.5333. We thank you for the opportunity to comment on the Group One Detailed Design and look forward to contributing to future discussions of the issues of MRP.

Design Document: Section 2 Summary of Current and Future State

Comment: The EDA notes that the Detailed Design document sets out changes that could impact the IESO's invoicing process and ultimately the invoices rendered to LDCs.

Design Document: Section 3 Detailed Function Design

- 3.5 Settlement and Commercial Reconciliation

Comment: The EDA looks forward to the IESO providing a sample invoice that sets out these changes and a mapping between today's invoice and the revised invoice. Mapping the changes will assist LDCs in understanding whether and how their current settlement processes, data requirements, accounting processes, among others, could need to be revised or potentially replaced.

Two examples of changes that will be incorporated into the monthly invoice are:

- The inclusion of new transaction types (e.g., DAM physical transactions, DAM virtual transactions, DAM Transmission Rights)
- The anticipated retirement of transaction types related to the current day ahead commitment process

LDCs will need to know how these changes will be disclosed (whether as separate line items or consolidated with other line items). The EDA also understands that the IESO is consulting with the Canada Revenue Agency with respect to applicability of HST on virtual transactions.

These are examples of some of the changes that may impact the LDC's need for working cash. It is important to note that the financing costs incurred by the LDC related to the level of working cash allowance are recovered through OEB authorized distribution rates.