

3.17 Independent Review Process for Reference Levels and Quantities

Registration of reference levels and reference quantities for the future market power mitigation framework is a new requirement of the Ontario market, although similar frameworks exist in other jurisdictions. Reference levels and reference quantities for each dispatchable resource must be registered prior to the execution of the calculation engines, and prompt registration is necessary to facilitate efficient pricing, scheduling and dispatch outcomes. The introduction of reference levels and quantities, the volume of values to be registered, and the requirement of registration prior to dispatch create a unique set of circumstances warranting modification of the existing registration process.

The IESO will allow market participants to request a third party review of certain aspects of the materials submitted in support of a market participant’s proposed reference levels or reference quantities as part of the registration process. Market participants may request review of reference level cost eligibility and amount, supporting material eligibility, and of the IESO’s proposed opportunity cost methodology and reference quantity methodology.

The timing of the request in the registration process, topics that can be reviewed, and steps of the review process are described in the following sections.

3.17.1 Timing of the Review Process

The IESO will register the financial and non-financial reference levels and reference quantities for a market participant’s resources following a consultation process between the market participant and the IESO. The IESO will communicate the reference levels and reference quantities that the IESO intends to register for a resource to the relevant market participant before registering those reference levels and reference quantities. Market participants may request independent review following this communication. The independent review process may be used during the initial registration of reference levels and reference quantities or when a change to an existing reference level or reference quantity has been requested.

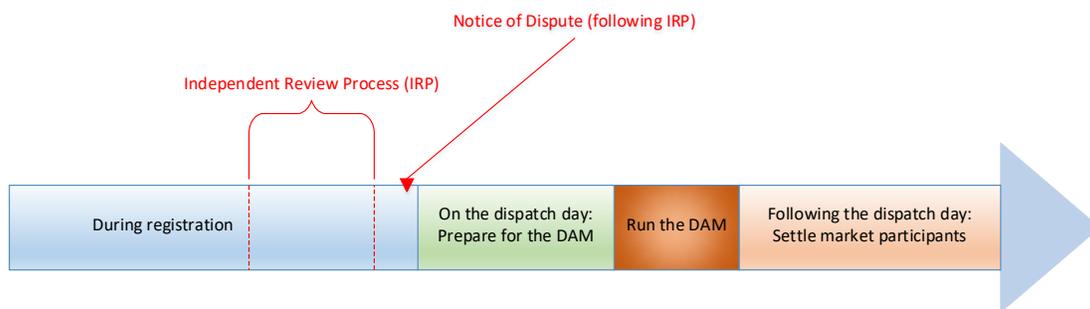


Figure 1: Timing of the Review Process

3.17.2 Reviewable Topics

The reviewer will provide a report regarding certain technical aspects of the materials a market participant submits in support of proposed reference levels or reference quantities on any of the following topics, as applicable:

- **Reference Level Cost Eligibility:** The reviewer will provide a report on whether, in its view, a particular line item cost is a short-run marginal cost of a resource.
- **Reference Level Cost Amount:** The reviewer will provide a report on what amount, in its view, is appropriate for a short-run marginal cost of a resource.
- **Non-Financial Reference Level Amount:** The reviewer will provide a report on whether, in its view, the submitted material supports a particular non-financial reference level value.
- **Supporting Material Eligibility:** The reviewer will provide a report on whether, in its view, submitted material is relevant to including a cost or value in the resource's reference levels or reference quantities, respectively.
- **Opportunity Cost Methodology:** The reviewer will provide a report on whether, in its view, the proposed opportunity cost methodology reasonably accounts for the impact of the relevant technical operating characteristics of a resource and if not, the aspects of the proposed methodology that are deficient.
- **Reference Quantity Methodology:** The reviewer will provide a report on whether, in its view, the proposed equation for reference quantities reasonably accounts for the relevant technical operating characteristics of a resource and if not, the aspects of the proposed approach that are deficient.

3.17.3 Review Steps

The IESO will procure a roster of qualified independent reviewers. Specific procurement terms will be established as part of implementation before procurement occurs.

The steps of the review process are outlined below:

- **Initiation of Review:** A market participant may request a review during the reference level and reference quantity registration process on one or more of the topics identified above.
- **Assigning a Reviewer:** Following receipt of the review request, a reviewer from the roster will be assigned. If the reviewer is unavailable, the IESO will assign another reviewer, continuing on until one is able to do so.
- **Provision of Information:** The IESO will provide the reviewer and the market participant with a statement of the matters to be reviewed, submitted materials relevant to these matters and any relevant communications between the market participant and the IESO.
- **Review and Report:** The reviewer will review the materials provided and then provide a confidential written report to the market participant and the IESO setting out its findings and the reasons supporting findings.

3.17.4 Outcome of Review Process

The IESO will be required to adopt the findings in the reviewer's report, unless, with respect to a particular finding, the IESO rejects the finding because:

- the reviewer relied on a factual error to make the finding;
- the reviewer failed to address an issue set out in the statement of issues to be reviewed relevant to that finding;
- the reviewer opined on something outside the scope of the statement of issues;
- adopting the finding would require the IESO to register a reference level or reference quantity inconsistent with the market rules; or

- the reviewer failed to provide reasons in the report for the finding.

If the IESO rejects a finding for one of the reasons above, the IESO will notify the market participant that it has rejected the finding and the review process will be conducted again for only the rejected finding using a different reviewer from the roster. If a report contains multiple findings, the IESO rejecting one of those findings will not affect the requirement that the IESO adopt findings that were not rejected.

To adopt a finding in the reviewer's report, the IESO will register a reference level or reference quantity that is consistent with that finding and the market rules. The registered reference level or reference quantity will be used prospectively by the calculation engines, settlement tools and ex-post assessment of physical withholding. An update to a reference level will not entitle a market participant to retroactive re-settlement.

Market participants and the IESO will have 30 days to initiate the notice of dispute process following receipt of the reviewer's report.