

# Feedback Form

## IESO Reliability Standards Review – December 14, 2020

### Feedback Provided by:

Name: Rose DeSantis

Title: Senior Analyst Market Simulation

Organization: Ontario Power Generation

Email: [REDACTED]

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Following the December 14, 2020 webinar on IESO Reliability Standards, the IESO is seeking feedback from participants on the proposed methodology and approach outlined in the presentation with respect to intertie support (non-firm imports). The IESO will work to consider feedback and incorporate comments as appropriate and post responses on the engagement webpage.

The referenced presentation can be found under the December 14, 2020 entry on the [Reliability Standards Review webpage](#).

**Please provide feedback by January 18, 2021 to [engagement@ieso.ca](mailto:engagement@ieso.ca).** Please use subject: *Feedback: Reliability Standards Review*. To promote transparency, this feedback will be posted on the [Reliability Standards Review webpage](#) unless otherwise requested by the sender.

Thank you for your time.

## Intertie Support (Non-Firm Imports)

Topic	Feedback
<p>Have the areas of consideration been appropriately included in the proposed methodology?</p>	<ul style="list-style-type: none"> <li>•</li> </ul>
<p>Are the approaches outlined reasonable for forecasting real-time market imports?</p>	<p>The following are OPG’s comments on using the 90<sup>th</sup> percentile dependable flow in the top 5% HOEP hours to calculate the capacity to be used from non-firm imports:</p> <ul style="list-style-type: none"> <li>• OPG supports the approach used by the IESO to calculate non-firm import capacity.</li> <li>• Using market price as the limiting factor in the non-firm import methodology should be a good approach in general because price should reflect the supply demand differential and import flows are determined by price. However, peak import flow has not been well correlated to high HOEP in the past several years. After market renewal and as supply gets tighter in the coming years, LMP should perform better as the signal for import.</li> <li>• Using high demand as an indicator for high imports would be a good alternative for now. High demand has been consistent in predicting high import flow. HOEP has not been a good indicator for import in the past, although LMP should be a better signal for imports after market renewal, however, we will not know for sure until after LMP is implemented.</li> <li>• In the future HOEP will be replaced by LMP and the methodology will need to be revisited. Please see a more detailed explanation in the feedback section below.</li> </ul>

Topic	Feedback
	<ul style="list-style-type: none"> <li>• By accepting the methodology for determining the capacity for non-firm imports, Ontario is becoming increasingly dependent on other jurisdictions especially after Pickering retirement.</li> <li>• Overreliance on other jurisdictions leads to other issues. Other jurisdictions may not be reliable or dependable and we need to balance reliability vs cost</li> <li>• Also of note, the total amount procured plus the non-firm import amount cannot exceed the tie line limit that the capacity is coming from.</li> <li>• If we have procured an amount of capacity from a particular area, then we would not be able to rely on a specific and pre-determined amount for the non-firm capacity from that same area.</li> </ul>

## General Comments/Feedback

- The Reliability Outlook and Annual Planning Outlook need to clearly state the amount of non-firm imports used in the forecast and which sections are used for outage planning and which sections may be used for procurement planning as well. Market participants need an indication of when to transition from one timeframe to the other timeframe in terms of non-firm capacity used.
- Related to the bullet above, and more specifically, the latest Annual Planning Outlook states: "While capacity auctions will be used to meet short-term needs, to keep off-contract resources in the market, and procure new capacity, the IESO is exploring new acquisition tools as part of Resource Adequacy engagement – target capacities for these will be informed by this APO and future editions." This indicates that target capacities for other tools other than the capacity auction will be in the APO. Later on, the APO states: "The findings will be key inputs into the target setting process for the next capacity auction, and also inform the development of the IESO Resource Adequacy Framework." This would imply that the APO will set the targets for the next Capacity Auction. Ambiguity exists with respect to which timeframe Capacity Auction targets will be set.

- The proposed changes have the potential to make it more difficult to schedule planned generation outages. For example, relying on non-firm imports in the planning timeframe will reduce the amount of resources available in the operational timeframe when assessing planned outages. The fact that the Annual Planning Outlook and Reliability Outlook are not aligned makes it more difficult to schedule planned generation outages.
- In the recent past, IESO has stated that aligning resource adequacy methodologies between the planning and operation planning timeframes remains a priority. As there is some ambiguity on the alignment of Resource Adequacy assumptions and methodologies in the planning and operational timeframes, it would be beneficial if the IESO would provide a schedule of when this alignment might happen.
- The IESO has stated that it would provide financial support if an outage does not go through, however, OPG is not aware of the mechanism to indicate the cost of cancelling an outage. The field to enter the financial cost to cancel an outage was removed from the IESO CROW system in 2016 when IESO made changes to the tool. Please provide information on the mechanism for market participants to use to indicate to the IESO the financial impact of cancelling an outage.
- The Market Renewal Project goes live in April 2023, with a number of design elements that may change market drivers for import transactions. The methodology adopted by the IESO to determine capacity from non-firm imports may need to be reviewed at that time. Specifically:
  - The financially binding Day Ahead Market (DAM) may change the participation and scheduling of imports in both the DAM and Real Time Markets (RTM). This will likely depend on the economics of the Locational Marginal Price for the intertie proxy location and the marginal cost of procuring from neighbouring jurisdictions.
  - Market Renewal introduces the concept of market power mitigation on uncontested interties. This may influence participation in the future market.
  - The Pre-dispatch (PD) calculation engine has been designed to only assess DAM scheduled transactions until PD-2. This is a change from the current PD, which assesses all transactions in all hours. This design change may reduce the amount of Real Time imports incremental to the DAM import schedules, since non-quick start units may be economically committed in earlier PD runs avoiding the need for incremental imports. This will have an affect on the amount of real time imports we can expect in the methodology proposed.