

Market Renewal FACT SHEET

Out-of-Market Operator Actions

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The single schedule market (SSM) is one initiative in the Market Renewal's Energy work stream. The move from a two schedule market to a SSM requires careful rule setting for out-of-market actions.

What are out-of-market-actions?

An out-of-market action occurs when the system operator dispatches a resource even though it would not have cleared and been dispatched by the market. The IESO, along with all other power system operators, reserves the right to trigger out-of-market actions to maintain system reliability and ensure that power supply and power demand are balanced at all times.

System operators generally rely on out-of-market actions to address certain concerns such as ensuring immediate reliability or maintaining grid stability due to scheduling software limitations. Grid operators need this ability when there is concern that the market cannot resolve it itself or when the reliability concern is urgent. Below are some examples of out-of-market actions.

- Committing and dispatching generators with higher marginal costs than market prices
- Reducing the amount of scheduled energy imported or exported (i.e. curtailments)
- Calling on emergency imports or exports

Such actions can increase energy supply or reduce demand at various locations to ensure system reliability. These adjustments are done before the pricing run of the market operation. The impact of such actions is that resulting market prices are likely to overstate local supply and suppress local prices compared to what would result without an out-of-market action.

Why is it important?

Improperly designed pricing rules regarding out-of-market actions could erode the trust of market participants in the overall fairness of the market. Out-of-market actions can alter the dispatch of generation resources and thus can impact LMPs throughout the system. As a result,

it will be important to determine appropriate pricing rules for out-of-market actions. These rules are needed to keep market prices consistent with system operations and ensure that market participants understand the process that the IESO uses to determine the need for out-of-market actions.