

# Memorandum

**To:** Stakeholder Advisory Committee

**From:** Devon Huber, Senior Manager, Regulatory Affairs

**Date:** February 17, 2021

**Re:** IESO Business Update – Market Surveillance Panel (MSP) Recommendations

The following provides an update to members of the Stakeholder Advisory Committee (SAC) on the status of IESO actions taken in response to Market Surveillance Panel (MSP) recommendations.

## **MSP Monitoring Report 33**

On December 17, 2020 the MSP released their 33<sup>rd</sup> monitoring report on the IESO-Administered Electricity Markets for the period from May 1, 2018 to October 31, 2018. The report contained nine recommendations on three topics: two recommendations on the Real-Time Generation Cost Guarantee program (RT-GCG), six recommendations on capacity planning and need assessment, and one recommendation on Simultaneous Activation Reserve (SAR).

MSP 33 identified potential inefficiencies associated with two starts in a day under the RT-GCG program. As part of the Market Renewal Program (MRP), the IESO will be introducing multi-hour optimization of three-part offers (energy, start up, and speed-no-load) across the day-ahead, pre-dispatch, and real-time timeframes. Multi-hour optimization of three-part offers is necessary to verify the efficiency of second starts and will only schedule generation facilities for two starts in the same day when it is economically efficient to do so. The IESO will continue its practice of routine audits of the RT-GCG program, including second starts, however the IESO does not intend to take any additional actions to change the current RT-GCG program design in advance of MRP.

With regard to five of the six recommendations related to capacity planning and need assessment, the IESO is actively engaging stakeholders on capacity needs through the Reliability Standards Review and Resource Adequacy engagements. These engagements will support greater transparency regarding the methods and assumptions used to develop capacity needs and procurement mechanisms. The sixth recommendation, related to considering a

periodic streamlined process for reviewing the case for procuring resources to meet identified needs, is currently under review by the IESO.

The IESO is also currently reviewing another recommendation related to modifying the approach to accounting for SAR within the unconstrained schedule.

The full MSP 33 report and IESO response are available on the [Ontario Energy Board’s website](#).

### **MSP Recommendations and Active Stakeholder Engagements**

The IESO is currently taking action on 10 recommendations via active stakeholder engagements. Please consult the [2020 Annual OEB Status Update Report](#) for more information.

| <b>MSP Report &amp; Recommendation</b>   | <b>Update on IESO Actions</b>   |
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| December 2020, recommendations 3-1 through 3-5<br><br><i>Capacity planning and need assessment processes</i>                           | The IESO is addressing these recommendations through the <a href="#">Resource Adequacy Engagement</a> and <a href="#">Reliability Standards Review Engagement</a> .   |
| March 2018, recommendation 3-1<br><br><i>Recovery of CMSC payments resulting from SEAL constraints at dispatchable load facilities</i> | The IESO has commenced the Market Rule amendment process (MR-447-R00) to recover Congestion Management Settlement Credits (CMSC) payments from dispatchable loads for constraints applied to prevent endangering the safety of any person, equipment damage, or violation of any applicable law (SEAL). The rule change is currently with the <a href="#">Technical Panel</a> . |
| March 2018, recommendation 4-2 & May 2017, recommendation 3-1<br><br><i>Operating reserve accessibility</i>                            | The IESO is addressing these recommendations through the <a href="#">Improving Accessibility of Operating Reserve</a> engagement. The IESO will present draft market rule and manual amendments at the next webinar expected to take place by the end of Q1 2021.   |
| January 2013, recommendation 3-1 & August 2010, recommendation 3-5<br><br><i>Transmission rights market design</i>                     | The IESO is addressing these recommendations through the <a href="#">Transmission Rights Market Review</a> engagement. A webinar will be scheduled in Q1 2021 to review stakeholder feedback on the draft report on near term changes to the TR market.   |