

# Minutes of the IESO Technical Panel Meeting

Meeting date: 19/1/2021  
Meeting time: 09:00 a.m.  
Meeting location: Video conference

Chair/Sponsor: Michael Lyle  
Scribe: Mitchell Beer / Smarter Shift Inc.

Please report any suggested comments/edits by email to [engagement@ieso.ca](mailto:engagement@ieso.ca).

<b>Invitees</b>	<b>Representing</b>	<b>Attendance Status</b> <b>Attended, Regrets, Teleconference</b>
David Brown	Ontario Energy Board (Observer)	Attended
Jason Chee-Aloy	Renewable Generators	Attended
Ron Collins	Energy Related Businesses and Services	Attended
Rob Coulbeck	Importers/Exporters	Attended
Emma Coyle	Market Participant Generators	Attended
Dave Forsyth	Market Participant Consumers	Attended
Sarah Griffiths	Demand Response	Attended
Jennifer Jayapalan	Energy Storage	Attended
Robert Reinmuller	Transmitters	Attended
Joe Saunders	Distributors	Attended
Jessica Savage	IESO	Attended

<b>Invitees</b>	<b>Representing</b>	<b>Attendance Status</b> <b>Attended, Regrets, Teleconference</b>
Vlad Urukov	Market Participant Generators	Attended
Michael Lyle	Chair	Attended
<b>Secretariat</b>		
Agatha Pyrka	IESO	Attended
<b>IESO Presenters</b>		
Michael Boll		
Josh Duru		
Pat Kamstra		

## Agenda Item 1: Introduction and Administration

Agatha Pyrka, IESO, went over logistical details for the virtual meeting and reminded participants to mute their lines unless they were speaking.

### Chair's Remarks:

The Chair observed that 2021 was beginning much as 2020 had ended, but expressed his hope that the Technical Panel would be able to meet in person again at some point in the year.

The meeting agenda was adopted on a motion by Sarah Griffiths.

The minutes of the last meeting were adopted on a motion by Vlad Urukov.

The Chair noted that the Technical Panel's 2021 meeting schedule had been posted to the IESO website, with 11 sessions scheduled so far. He said a call for nominations had been issued for three Panel positions, one representing residential customers and two representing market participant consumers. Nominations are due to close January 29, and the secretariat expected to bring recommendations to the March meeting of the IESO Board.

## Agenda Item 2: Engagement Update

Agatha Pyrka, IESO, reviewed the prospective Technical Panel schedule, beginning with the day's education session on Options to Address Uninsured Liability Risk. Subject to stakeholder feedback, she said a vote to post would be scheduled for February, followed by a vote to recommend the

matter for Board consideration in March. The other item on the day's agenda, CMSC Recovery for Dispatchable Loads, was scheduled for a vote to recommend in February, subject to stakeholder feedback.

Ms. Pyrka said proposed Market Rule amendments on Updates to IESO Monitoring Requirements would likely be postponed to the third or fourth quarter of 2021, while draft amendments on Improving Accessibility of Operating Reserve are targeted to be brought before the Panel in the second quarter.

She advised that materials for the next IESO Engagement Days on January 26 had been posted. Program highlights included Interim President and CEO Terry Young discussing the IESO's priorities for the year ahead, the 2020 Annual Planning Outlook and the high-level Resource Adequacy framework.

In relation to the Market Renewal Program, Ms. Pyrka said the IESO had posted responses to stakeholder feedback on the detailed designs for the Real-Time Market and Day-Ahead Market Calculation Engines, and Part 2 feedback on Offers Bids and Data Inputs, Grid & Market Operations Integration, Market Power Mitigation, and Market Settlement, as well as an additional response to previous feedback from Ontario Power Generation. Version 2 of all detailed design documents are to be posted by January 29, along with a design change tracker showing changes from Version 1 to Version 2.

Ms. Pyrka said the IESO had posted a response to stakeholder feedback on the draft Market Rules and Market Manuals for the Market Entry and Prudential Security batch in December, and referred members to a recorded presentation on the topic from the December Engagement Days. She reminded the Technical Panel that the vote to post for this batch was scheduled for March.

The engagement on Reference Levels took place in October and November, covering various resource types: wind, solar, dispatchable loads, storage, hydro, nuclear and thermal. Ms. Pyrka said the IESO's summary of stakeholder feedback was available in a posted presentation, and in a recorded presentation from the December Engagement Days. She also referred Panel members to the detailed design section of the MRP web page for information on an Independent Review Process the IESO had developed in response to stakeholder feedback on reference levels within the framework for Market Power Mitigation.

Mr. Urukov asked why the vote to post for the draft Market Entry and Prudential Security batch had been delayed. Ms. Pyrka said more time was needed to finalize details before asking the Panel to vote on whether to post the amendments for stakeholder comment. Mr. Urukov asked whether the delay would push the implementation date farther into the future. Jessica Savage, IESO, said shifting the vote from January to March would have no impact on the overall schedule for Market Renewal. She explained that the IESO was planning to release version 2 of the detailed design documents at the end of January, with edits reflecting stakeholder feedback to date. Based on that timeline, she said it was considered most appropriate to bring forward draft rulesets for Technical Panel review after the revisions had been published. Mr. Urukov acknowledged the explanation.

Jason Chee-Aloy said the IESO's response to submissions on the Market Rules and Manuals had been scheduled for posting December 15, but had not yet appeared online. Ms. Pyrka said she would review the matter and report back to Panel members by email<sup>1</sup>.

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<sup>1</sup> A subsequent email was sent on January 22, 2021 to Technical Panel members indicating the response was posted.

## Agenda Item 3: Options to Address Uninsured Liability Risk

Michael Boll, IESO Associate General Counsel and Corporate Secretary, presented background and context on potential Market Rule amendments to address the IESO's uninsured liability risk, and discussed two options. He recounted the effort to renew the organization's errors and omissions (E&O) insurance, explaining that shifts and constraints in the wider insurance market had created conditions such that the IESO was unable to obtain E&O insurance that matches the risk of claims alleging negligent errors and omissions.

Under the circumstances, the IESO determined that it had two options: amending the Market Rules to limit the scope of IESO's liability to gross negligence; or establishing a compensation mechanism sufficient to retain the current level of indemnity. The IESO's preference is for the first option, noting that it was consistent with most other independent system operators in North America.

Joe Sanders asked whether any specific claims or events had affected the IESO's ability to arrange the previous level of coverage. Mr. Boll said the IESO's insurance advisor had indicated a tightening in the wider insurance market, resulting in no small part from an increase in environment-related claims due to frequent storms and fires. In response to these "hard" market conditions, he said insurers had been pulling back some specialized products while increasing premiums and deductibles.

Mr. Sanders asked whether the IESO had made claims on its past E&O insurance policies. Mr. Boll said claims of negligence had occurred, but the organization had never had to draw on its E&O policy as a result.

Mr. Urukov asked when the policy expired. Mr. Boll said the previous E&O insurance policy expired October 31, 2020. The policy will cover any claims for events prior to expiry for a period of four years.

Emma Coyle asked whether IESO's insurance advisor had made any reference to a case involving the Electric Reliability Council of Texas (ERCOT). Mr. Boll said the topic never arose, adding that ERCOT is the only ISO in the United States with exposure to liability for negligence.

In reply to a question from Mr. Urukov, Mr. Boll said he didn't have details of historical claims against entities in Ontario, but said they would likely have been for negligence.

Mr. Urukov asked how compensation for negligence would occur during the current period, with no errors and omissions insurance in place to cover claims. Mr. Boll said the IESO's only option in the event of a successful claim would be to borrow money to pay the loss, then recover the cost through the IESO's administration fee.

Referring back to his presentation, he said the IESO was recommending a vote to post for stakeholder comment in February, with the intent of presenting proposed Market Rule amendments for Board approval in March.

Ms. Griffiths asked whether the issue should be addressed more quickly. Mr. Boll said the IESO had determined that it would be preferable to go through the standard process for engaging stakeholders, but as quickly as possible.

David Brown, Ontario Energy Board, asked whether any recovery of funds during the period of lapsed coverage would have to occur through the use of the default levy. Mr. Boll said the default levy only

applied to defaults on the part of market participants paying the amounts they owed to the IESO, in which case the organization would have the option of imposing a default levy. In cases of negligence during the gap period, recovery through the IESO's administration fee would be needed.

Ms. Coyle noted that the IESO applied a standard to market participants for negligence and asked whether the IESO had given any consideration to making the standard for market participants reciprocal to what is proposed for the IESO. Ms. Coyle noted she believed other North American ISOs had reciprocal liability standards. Mr. Boll said the IESO's review of other North American ISOs indicated non-reciprocal standards and that the IESO was recommending changes only to its own market liability.

Ms. Coyle said that to the extent that IESO's governance is used to mitigate risk of losses due to negligence and losses from market participants, reviewing those structures to ensure they were suited to the task should be considered.

Mr. Sanders asked whether the gap in coverage applied only to new market participants, since the IESO already had policy coverage for existing participants. Mr. Boll reiterated that existing policies would cover any incident up to October 31, but not after that date.

There were no further questions or comments.

#### Agenda Item 4: CMSC Recovery for Dispatchable Loads

Josh Duru and Pat Kamstra, IESO, reviewed the history of the draft Market Rule amendment to enable CMSC recovery from dispatchable loads, noting that the proposal had not changed since it was presented to Technical Panel in November 2020. Mr. Duru said the IESO would be recommending a vote to post for wider stakeholder feedback, pending the day's discussion among Panel members.

Mr. Urukov noted that both inappropriate CMSC and unwarranted CMSC have been used interchangeably throughout the proposal document. Mr. Urukov suggested that unwarranted is a more suitable term to characterize the CMSC payments but understands that inappropriate is the term more commonly used in the current market rules.

Mr. Urukov identified a typographical error and suggested new phrasing was required to clarify the definition of SEAL that was presented in the summary section of the market rule amendment proposal. Ms. Kamstra suggested removing the word 'endangering', since the provision was only meant to apply to the safety of any person, and did not apply to equipment damage, or the violation of any applicable law. Mr. Urukov agreed with that change.

On a motion by Mr. Sanders, the Technical Panel voted to post the proposed Market Rule amendment for further stakeholder feedback.

#### Agenda Item 5: Other Business

The meeting adjourned at 9:41 AM.