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Adjustments to Intertie Flow Limits

Darren Matsugu, Senior Manager - Operational Effectiveness

Intertie Flow Limits - Background

- Limits on intertie flows between the integrated power system and neighbouring transmission systems restrict the volume of energy that can be imported to or exported from Ontario
- In setting these limits, the IESO provides a best estimate of the maximum flow on the single transmission line to each intertie zone. These limits are applied in both the constrained and the unconstrained schedules

What is the Issue?

- The current system conditions in Northwest (NW) Ontario are challenging due to low water for hydro-electric generation and needed transmission outages that limits energy coming from the rest of Ontario to serve NW demand
- In order to manage reliability, the IESO applied transmission limits that limited the net export of power from the region
- If intertie flow limits do not also reflect the supply available in the region, the unconstrained schedule accepts exports that cannot be met by Ontario resources. Ontario ratepayers then subsidize the export, by constraining-on imported power that would not otherwise be needed to maintain reliability.

IESO Actions

- Starting August 23rd, the IESO limited NW exports to Minnesota and Manitoba by adjusting intertie flow limits to the level that can be reliably supplied by the region
 - Manitoba and Minnesota were notified to ensure coordination
 - Active traders in the NW were notified via email
 - Intertie limits are posted on the [IESO Reports webpage](#)
- Starting Sept 1st, the IESO notified Manitoba Hydro of the NW drought conditions per Reliability Must-Run agreement

When will this issue be resolved?

- Increased water for hydro-electric generation (potentially Q4 2021 with sufficient precipitation)
- Fewer transmission outages that restrict supply from getting to the NW region. Transmission outages are required to support:
 - The East-West-Tie (EWT) expansion (in-service Q1 2022);
 - Other critical area maintenance that may bottle some local generation
- Will ultimately be resolved under Market Renewal, with the introduction of the single schedule market.

Market Impact

- Prior to August 23rd imports were often constrained-on solely to offset export transactions
 - This generated additional CMSC for these offsetting imports that did not benefit Ontario ratepayers
 - Adjusting the intertie flow limit helps ensure that only exports that can be reliably supplied are scheduled in the unconstrained sequence. Imports needed to maintain reliability in the NW will continue to be scheduled.
 - Limited impact to the Transmission Rights market, given the low quantities available for auction on these interties.

Proposed Market Rule Amendment

- To help ensure transparency and clarity, the IESO is proposing a market rule amendment that specifies when internal transmission constraints will be considered in setting intertie flow limits
- The amendment also seeks to explicitly recognize that these intertie flow limits are applied in both the constrained and the unconstrained schedule, as they are today, and clarifies that security limits apply to or from intertie zones