

Memorandum

To: Technical Panel

From: Jo Chung

Date: January 4, 2022

Re: Market Renewal – Energy Project Implementation: Market Power Mitigation: MR-00455-R00, MR-00461-R01

Background

Attached for Technical Panel review and consideration are the market rule amendment proposals related to the Market Renewal Program (MRP) – Market Power Mitigation. This batch is the second of five batches that comprise the MRP market rules.

The IESO proposes to amend the market rules to codify the Market Renewal Program’s market power mitigation framework, which includes the following:

- Determination of reference levels and reference quantities for dispatchable resources;
- Designation of constrained areas, uncompetitive intertie zones and global market power reference intertie zones;
- Ex-ante mitigation for economic withholding;
- Ex-post mitigation for physical withholding;
- Intertie economic withholding on uncompetitive interties;
- Mitigation for make-whole payment impact on uncompetitive interties; and
- Amendments to chapter 11 defined terms to support the market power mitigation market rules amendments (MR-00461-R01).

Other consequential market rule amendments will be required, including the deletion of existing Appendix 7.6 – Local Market Power.

The IESO provided two educational presentations at the October 5th and November 16th Technical Panel meetings. On November 19th, the Technical Panel received an email which included a link to a Reader’s Guide ‘Summary of Changes’ document which provided a summary of changes to market rules and market manuals to support the market power mitigation design.

On December 14th, the IESO posted responses to stakeholder comments received as part of stakeholder engagement on the market power mitigation batch of market rules and market manuals. A summary of the feedback with IESO responses can be found at – [IESO Response to Stakeholder Feedback](#). Since the posting of the original August 12th version of the draft market rule amendment proposals, the IESO has made incremental changes to the market rule amendments in response to stakeholder feedback.

Recommendation - Priority

The IESO recommends that the Technical Panel assign a regular priority to the development of these market rule amendment proposals.

Panel Action and Next Steps

The IESO recommends that the Technical Panel vote to post the proposed market rule amendments MR-00455-R00, MR-00461-R01 for stakeholder review and comment for a period of two weeks, ending on February 1, 2022. At the February 15, 2022 Technical Panel meeting, pending the nature of any stakeholder comments received during the posting period, the IESO will request a Technical Panel vote to provisionally recommend the draft rule amendments.

The target for provisional IESO Board approval is March 4, 2022.

Accompanying Materials

- Presentation to Technical Panel dated January 18, 2022
- Market Rule Amendment Proposals:
 - MR-00455-R00: Market Power Mitigation
 - MR-00461-R01: Market Power Mitigation - Batch 2 Definitions