

Memorandum

To: Technical Panel

From: Jo Chung

Date: May 2, 2023

Re: Market Renewal – Energy Project Implementation: Market Settlements, Metering, Market Billing and Funds Administration: MR-00452-R00, MR-00456-R00-R03, MR-00461-R04

Background

Attached for Technical Panel review and consideration are the market rule amendment proposals related to the Market Renewal Program (MRP) – Market Settlements, Metering, Market Billing and Funds Administration.

The IESO proposes to amend the market rules to codify MRP's market settlements framework, which includes the following:

Chapter 9:

- Consequential amendments to section 1 – Introductory Rules and section 2 – Settlement Data Collection and Management;
- Extensive rewrites of section 3 – Hourly Settlement Amounts and section 4 – Non-Hourly Settlement Amounts;
- New section 5 – Market Power Mitigation – Settlements which specifies the settlement mitigation process applicable to specific settlement amounts and adding new settlement amounts related to market power mitigation processes;
- Consequential amendments to section 6 – Settlement Statements to be inclusive of the day-ahead market, and other amendments to incorporate the new suite of MRP defined terms;
- Amendments to chapter 11 defined terms;

Chapter 9 Appendices:

- Appendix 9.1 – Validation, Estimation and Editing (VEE) Process – minor edits;
- Appendix 9.2 NEW – Data Inputs and Variables that defines the variables, subscripts and superscripts for the purposes of Chapter 9 and its Appendices;
- Appendix 9.3 NEW – Pseudo Unit Translation: define the variables and specify the formulations for pseudo-unit translation; and

- Appendix 9.4 NEW – Settlement Mitigation: define the variables and methodology for settlements mitigation in the day-ahead market and real-time market.

In addition, the following market rule amendments are included as part of this batch:

Chapter 6:

- Consequential amendments to meter registration to be inclusive of the day-ahead market;

Chapter 7:

- Amendments to further specify the optional resource-specific information that may be submitted by hydroelectric resources;

Chapter 8:

- Consequential amendments to physical bilateral contracts and the transmission rights auction to be inclusive of the day-ahead market.

The IESO provided two question and answer sessions at the January 24th and April 18th Technical Panel meetings.

On April 24th, the IESO posted responses to stakeholder comments received as part of stakeholder engagement on the settlements batch of market rules and market manuals, in addition to revised market rule amendments and market manuals. As a recap, feedback received as part of the stakeholder engagement were mostly clarification questions that were addressed with explanation or confirmation. There were no comments related to settlements related design concerns or outstanding issues to be addressed. Stakeholders signaled additional questions may arise following their review of the Market and System Operations market rules and manuals. Revisions made to the market rules in response to stakeholder comments were incremental or editorial in nature. Some additional changes to the market rules included corrections for errors to variables and equations, as well as clarification of the conditions for some calculations, all based on internal IESO review. A summary of the feedback with IESO responses can be found at – [IESO Response to Stakeholder Feedback](#).

Additional education-based discussions related to settlements are planned between the IESO and stakeholders, whereby the IESO will provide further feedback on examples of settlements related scenarios as requested by the storage community, and with the OEB and LDC community on how MRP charge types relate to existing charge types so that appropriate guidance can be provided to LDCs.

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-00452-R00, MR-00456-R00-R03, and MR-00461-R04 for stakeholder review and comment for a period of approximately one and a half weeks, ending on May 26, 2023. At the June 13, 2023 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 August 30, 2023.

Accompanying Materials

- Presentation to Technical Panel dated May 16, 2023
- Market Rule Amendment Proposals:
 - MR-00452-R00: Energy - Revenue Meter Registration
 - MR-00456-R00: Market Settlements, Market Billing and Funds Administration
 - MR-00456-R01: Settlements and Billing – Chapter 9 Appendices
 - MR-00456-R02: Physical Bilateral Contracts and Financial Markets
 - MR-00456-R03: Hydroelectric Resources – Optional Registration Requirements
 - MR-00461-R04: Market Settlements, Metering, Market Billing and Funds Admin:
Definitions