Minutes of the IESO Technical Panel Meeting

Meeting date: 13/June/2023
Meeting time: 9:00 a.m.-11:00 a.m.
Meeting location: In-person and Video Conference

Chair/Sponsor: Michael Lyle
Scribe: Luisa Da Rocha, IESO

Please report any suggested comments/edits by email to engagement@ieso.ca.

Invitees	Representing	Attendance Status Attended, Regrets
Jason Chee-Aloy	Renewable Generators	Attended
Ron Collins	Energy Related Businesses & Services	Attended
Rob Coulbeck	Importers/Exporters	Attended
Emma Coyle	Market Participant Generators	Regrets
Dave Forsyth	Market Participant Consumers	Attended
Sarah Griffiths	Demand Response	Attended
Jennifer Jayapalan	Energy Storage	Attended
Indra Maharjan	Market Participant Consumers	Attended
Nick Papanicolaou	Market Participant Consumers	Attended
Forrest Pengra	Residential Consumers	Attended
Robert Reinmuller	Transmitters	Attended
Joe Saunders	Distributors	Attended
Vlad Urukov	Market Participant Generators	Attended
David Short	IESO	Attended
Michael Lyle	Chair	Attended

Invitees	Representing	Attendance Status Attended, Regrets
Secretariat		
Trisha Hickson	IESO	Attended
IESO Presenters		
Adam Cumming Dale Fitzgerald Denise Myers Candice Trickey		

Agenda Item 1: Introduction and Administration

Trisha Hickson, IESO, welcomed everyone joining the meeting.

The meeting agenda was approved on a motion by Joe Saunders.

The May 16 meeting minutes were approved on a motion by Robert Reinmuller.

Introductory Remarks from the Chair:
The Chair acknowledged Sarah Griffith's last day with the Technical Panel and thanked Sarah for her many years of service. Several updates were also shared including the provisional approval of the MRP Interim Alignment batch by the IESO Board at their June meeting. With regards to the Capacity Auction Stream 2, it was noted that outreach has been going well and the technical panel members were acknowledged for their involvement in these activities over the last few weeks. Finally, panel members were reminded that there will be a meeting in July followed by the meetings resuming in September.

Agenda Item 2: Engagement Update

Ms. Hickson reviewed the prospective Technical Panel schedule provided as part of the meeting materials, and noted that the monthly engagement update would be posted to the IESO website in the coming days. It was noted that the June IESO Engagement Days meetings will include two items, including the MRP Implementation and Capacity Auction Enhancements.

Agenda Item 3: MRP Settlements Batch – Vote to Recommend

Candice Trickey, IESO, reviewed the purpose of the item to provisionally recommend approval of the market rule amendments of the settlements batch to the IESO Board, and shared that no substantive changes resulted from the recent posting for broader stakeholder comment. Denise Myers, IESO, expanded on this indicating that 51 stakeholder comments were received with the majority being questions of clarification. One correction was made to the market rules to the number of price-quantity (PQ) pairs allowed for pseudo-units and other minor changes were made to variables and equations.

Vlad Urukov posed a follow-up question to his previously submitted question, labeled as #39 in the IESO response to feedback document, asking for clarification on why GOG-eligible resources are not in the same category for a day-ahead market (DAM) balancing credit. Ms. Myers noted that generators are eligible for the lost opportunity cost make whole payment, whereas an export is not. When there is an activation, an export could incur a sell-back and because they are not receiving a make whole payment, the DAM balancing credit is intended to cover the costs of the IESO action. The DAM balancing credit and the real-time make whole payment are mutually exclusive – a market participant will receive one or the other, but not both. Mr. Urukov asked if the real-time activation make whole payment will ensure revenue sufficiency. Ms. Myers indicated this is correct and scenarios were provided in the January stakeholder session for similar cases involving activation of the operating reserve.

Joe Saunders re-iterated a previous comment that LDCs are concerned with the June 2025 MRP go-live date as it relates to the settlements process. In his discussions with members, it was noted some mapping has been provided on certain issues that has been very good, however there are still a number of outstanding issues LDCs will need to work through and without additional mapping and responses to these issues, LDCs are concerned about the unanticipated problems that could arise. Ms. Trickey noted that the team has been working closely with Ontario Energy Board (OEB) and the Electricity Distributors Association (EDA) to map the new charge types to the existing charge types, and to discuss how the OEB can provide guidance to the LDCs on addressing these changes in their accounting and settlements. It was noted that a meeting will be taking place shortly allowing the IESO and OEB to work with LDCs on this issue and general MRP items. Ms. Trickey noted it would be helpful for the team to have information on the specific concerns so they can understand the challenges and help LDCs manage the changes that need to be made. Mr. Saunders acknowledged the close work with the EDA but noted there is concern that it may be too early to move forward with the provisional market rules recommendations as LDCs are concerned with a bottleneck in implementation at the LDC level leading to the go-live date. Ms. Trickey spoke to the need to separate the process of approving versus implementing the rules, noting that today's discussion focuses on the content of the market rules, whereas there are other venues to discuss concerns related to the implementation timelines. It was also noted that the provisional approval approach allows for changes with future batches.

Jennifer Jayapalan, in reference to the response to question #51 in the IESO response to feedback document, noted that the response directing the issue back to the Markets Assessment and Compliance Division (MACD) is not helpful. It was also noted that it is not yet known how energy storage will be scheduled and whether the settlement will work properly. Ms. Myers noted that the response to question #51 is specific to station service noting that there is a process for the storage community to participate in station service which has not changed with MRP. For the station service reimbursement there are a number of uplifts being added and they will automatically be eligible for reimbursement. Ms. Jayapalan noted as more energy storage enters the market, the information provided is not helpful as it does not provide the current reference and it is hard for a new market participant to determine what was previously in place, adding that additional context in questions of clarification would be helpful. Ms. Trickey noted that IESO understood the question was asking for an interpretation of the existing rules which was why the response provided direction on how to obtain an interpretation, and agreed that additional context could be added to assist with understanding.

On a motion by Robert Reinmuller, the Technical Panel voted to recommend the package of market rule amendments to the IESO Board of Directors. Members were instructed that they could provide their rationale in writing by end of the week.

Agenda Item 4: Capacity Auction Enhancements – Stream 1 Vote to Recommend

Adam Cumming, IESO, recapped that at the May Technical Panel meeting, members voted to post the provisional market rule amendments for stakeholder comment for a two-week period. One submission was received from the Advanced Energy Management Alliance (AEMA) that reiterated feedback previously submitted and considered through the Capacity Auction Enhancements stakeholder engagement. Information on this feedback submission and the IESO response is posted on the Technical Panel webpage.

One-on-one discussions were also held with panel members to discuss Stream 1 and 2 enhancements. Key inquiries related to rescheduling Capacity Auction tests under the new testing framework specifically where a market participant is unable to complete their test during the entirety of the five-day testing window due to a third party outage or other significant unforeseeable event beyond the participant's control. Under the allowable exceptions included in Market Manual 12, market participants will qualify to reschedule the testing window due to an outage caused by a third party market participants or a force majeure event as defined in the market rules. To help minimize this risk, the IESO will work with the Outage Management Team to ensure tests are scheduled to avoid transmission and other pre-planned outages.

A minor correction was identified in proposed sections 4.7J.2.9 and 4.7J.6 of Chapter 9 where the defined term *trading day* was changed to *energy market billing period* to align with the recent market rule amendments related to the Replacement of the Settlement System (RSS) implementation.

Robert Reinmuller thanked the IESO for clarifying what is covered by force majeure, indicating that he is satisfied with the response as Market Manual 7.3 includes the outage priority codes that describe situations similar to force majeure, i.e. people and equipment safety, as well as reliability and regulatory requirements. Mr. Reinmuller asked if other panel members are also satisfied in how this has been addressed. Dale Fitzgerald, IESO, indicated that if the situation were to arise where any of the allowable exceptions included in Market Manual 12 of the draft amendments are occuring and are outside of the market participant's control, rescheduling of the capacity testing is warranted. The Capacity Auction team will determine if the outage was outside of a market participant's control based on the described conditions.

Sarah Griffiths recognized that the IESO has used a collaborative approach and thanked the team for taking the time needed to arrive at the current designs, although the HDR community still feels that it is incomplete. The community supports the objective that the IESO needs confidence that the amount of capacity each resource can contribute to resource adequacy is able to perform during their obligation, noting this as a main goal of the DR community since becoming market participants. It was noted that HDR resources need the right tools, and that the AEMA feedback is well documented in their submission. While the Performance Adjustment Factor (PAF) is part of Stream 2, it was noted that it is also relevant to the Stream 1 market rule amendments package and it will continue to be a priority to see how this fits together for the HDR communities. Ms. Griffiths indicated that since the IESO recognizes that there are outstanding items, this demonstrates that it is not a complete package. Appreciation was expressed for the work on the outage management tool, however Ms. Griffiths noted that the audit process is flawed, and expressed hope for this to be discussed in the next round. The DR community will continue to participate and work cooperatively with the IESO.

On a motion by Rob Coulbeck, the Technical Panel voted to recommend the package of market rule amendments to the IESO Board of Directors. Members were instructed that they could provide their rationale in writing by end of the week.

In favour: Mr. Chee-Aloy, Mr. Collins, Mr. Coulbeck, Mr. Forsyth, Ms. Jayapalan, Mr. Maharjan, Mr. Papanicolaou, Mr. Pengra, Mr. Reinmuller, Mr. Saunders, Mr. Short, Mr. Urukov

Abstain: Ms. Griffiths

Agenda Item 5: Capacity Auction Enhancements – Stream 2 Education

Dale Fitzgerald, IESO, provided an education presentation on Stream 2 of the Capacity Auction Enhancements, including a review of why the enhancements were separated into two streams. The presentation is available on the Technical Panel webpage.

Mr. Reinmuller, in reference to Scenario 3 of the Performance Adjustment Factor (PAF) on slide 18, asked whether it would deliver different results and whether it provides value to the IESO to assess the resource differently. Mr. Fitzgerald shared an example – when an HDR resource delivered 8 MW previously but was required to deliver to 10 MW, and wants to submit an ICAP of 9 MW because they believe they can deliver that amount the following year, the calculation will result in a UCAP of 8 MW which brings them back to the amount they delivered in the previous test. This scenario is based on a suggestion from stakeholders and is beneficial to the IESO as it results in a UCAP value that is proven that the resource can deliver and provides an opportunity to deliver on 9 MW in future testing. This will also allow the market participant to avoid the PAF in future years as they have proven through the performance data that they can deliver 9 MW.

Building on the previous question, Mr. Forsyth asked if in this scenario where 8 MW are delivered and then 9 MW are submitted for following year, would the calculation not be 8 divided by 9. Mr. Fitzgerald indicated that the delivered capacity would be 8 and the submitted ICAP in the current obligation period would be 9, which would result in the UCAP being 8. Mr. Fitzgerald reviewed the example on slide 32 of a non-HDR resource where an additional availability de-rate is applied.

Mr. Fitzgerald concluded the presentation with a reminder that the trajectory of Ontario's system and the Capacity Auction is represented by growth. The Capacity Auction will be needed to ensure the adequacy of the system by procuring increasing amounts of capacity each year for at least the next several years. The IESO is preparing this procurement mechanism to continue supporting competition and rate payer value. Part of this preparation includes tightening the requirements to ensure the appropriate payment and penalty structure is in place to signal the desired behaviour from Capacity Auction resources.

The engagement process has been collaborative and productive. No comments were received as part of the Stream 2 stakeholder engagement and materials are being prepared for the July 11 Technical Panel meeting seeking a vote to post for broader stakeholder comment.

Other Business

Mr. Urukov shared his recent experience with the RSS implementation as a caution in planning for the implementation of MRP. It was shared that only so much can be learned in advance of implementation through equations and words, and it is only when participants begin interacting with the IESO data that the full issues emerge. Mr. Urukov re-iterated concerns he had previously shared regarding the insufficient market trials for the RSS implementation where generators had to insist on receiving enhanced data sets after the trials were complete, yet were still unable to identify all issues.

For context, Mr. Urukov noted that the real-time generator cost guarantee (GCG) payments are settled by monthly charge code 113 which is a manual charge code and is based on a calendar in the 60-day window. Following the implementation of the RSS, IESO engagement issued a notice to

participants on May 29 with updates to indicate that the real-time GCG reimbursement has been changed to being settled on the final settlement statement and due to the irregularity on the system, the GCG settlement for May 1-7 would be delayed until RSS 1 is issued on July 17. Further clarification was received on charge code 113, that this settlement charge type will move from a manual to an automatic calculation and will not appear on any preliminary settlement statement. The GCG calendar will be updated to reflect this change on June 5, and that the Market Manual will be changed to reflect this update in September.

Based on this experience, Mr. Urukov shared a number of concerns:

1. There was insufficient stakeholder engagement conducted during the RSS design to flag this change – in his search for materials referencing this change, Mr. Urukov found an appendix in a March presentation with this information, sharing that this is insufficient to allow participants to appreciate that there are a number of upcoming changes.
2. There was an update in the format specifications of settlement statement files and data where the toggle field "charge type category" is automatically changed to "yes". In his outreach to the member community, generators were unaware of these changes. The real-time GCG information in Market Manual 6.2 currently states that the settlement amounts are calculated at month end and are applied as a manual line item.
3. Technical Panel was not made aware of this change whereas there was a commitment to bring changes to the panel even if it resides only in the market manuals. If it had been brought forward, participants could have provided feedback.
4. It was asked if the change is compliant with the market rules, and whether GCG needs to be removed in the real-time transactions to be compliant. It is also not known if the May 1-7 window will be included in the final RCSS.

Mr. Urukov noted that participants are still trying to understand the end-to-end impact and are not able to confirm that they will be fully able to integrate the changes in time. There is also uncertainty if participants are in agreement with the changes in the settlement timeline and approach. Mr. Urukov highlighted the importance of comprehensive market trials which was missed in the RSS implementation design.

Dave Short indicated that automated systems need to be coordinated and everyone needs to be aligned with changes, noting that he will take the issue to the settlements team for discussion. With regards to the feedback on the market manuals, it was noted that market rules are brought to Technical Panel for votes to post and recommend along with any associated market manuals, however there is no commitment to bring back ever market manual afterwards for comment. Market manuals proceed through the regular baseline process where they are posted for stakeholder comment. Mr. Short committed that the RSS team would be reaching out to the real-time GCG participants and ensuring alignment as quickly as practical.

On this issue, Mr. Forsyth noted that in relation to the Manitoba issue, the IESO agreed that significant market manual changes would be brought to the Technical Panel. Mr. Urukov added that the October 2021, IESO presentation made the commitment to the Technical Panel to bring forward market manual changes of significance to market participants.

Ms. Griffiths added that this falls in the spirit of the previous governance discussion in that this does not happen with important market manual changes.

The Chair indicated that the IESO will revisit the document and the issue with the settlements team and issue a response.

Jason Chee-Aloy shared feedback he had also shared at the last MRP Implementation Working Group meeting that the group is 4/5 through the batches, and under 9-12 months away from participant testing and it is safe to assume that participants and the IESO will find issues in testing that could result in changes in the design and rule amendments. Based on this, Mr. Chee-Aloy asked about the cadence of Technical Panel meetings for next year should there be a number of required changes, noting the need to ensure transparency while also allowing Technical Panel sufficient time to account for these changes. The Chair noted that this feedback will be taken into consideration.

Mr. Reinmuller reminded panel members that he had previously shared that Hydro One was working to define the process for connecting battery storage in Ontario as a result of the Expedited Long-Term RFP 1. This work is currently being completed and will be shared at a public stakeholder session at end of June/beginning of July. It was noted that the rules are less stringent that those previously shared in December, and that they will continue to work with the IESO and the battery storage association. A comprehensive document has been developed to pave the way for anyone using battery storage and what they need to be aware of, focusing on large-scale transmission connected storage.

Adjournment

The meeting adjourned at 10:19 a.m.., The next meeting will be held on July 11, 2023.

Date	Action Item Summary	Status	Comments
March 23, 2021	In relation to MR-0448-R00 market rule amendments, the IESO will periodically review the availability of error and omissions insurance for negligence.	Open	Update provided during November 2021 meeting.