



AUGUST 27, 2024

Market Renewal Project:

- Final Alignment (FA) Batch
- Follow up items from August 15 Technical Panel Meeting

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Agenda

- 1) Final Alignment Batch
 - Stakeholder Comments on FA Batch – Preliminary Summary
 - Revisions to the Market Rules and Manuals – Preliminary Summary
- 2) Follow up items from August 15 Technical Panel meeting
 - Restatement of Recourse Solutions Discussed
 - Market Power Mitigation Working Group



Final Alignment Batch

Stakeholder Comments on FA Batch – Preliminary Summary

- Nine sets of written submissions were received following the Technical Panel vote to post on the market rule amendments for the FA batch
- Total of 219 comments from APPrO, Atura Power, Evolugen, Lukas Deeg, OPG, Power Advisory, Workbench, Vlad Urukov and Michael Pohlod
- All comments have been posted on the [MRP Implementation webpage](#) - under August 6, 2024
- A document containing all stakeholder feedback and corresponding IESO responses will be published by September 3rd

Stakeholder Comments on FA Batch – Preliminary Summary (continued)

- Aside from comments regarding the implementation of the market power mitigation framework (to be discussed later in the presentation), a large majority of comments were clarification questions that will be addressed with explanations or confirmations
 - Subject matter of these comments spanned topics from Chapter 0.1 to 0.11, including questions on the transitional rules, prudentials, market and system operations, and settlements
 - Questions were also received on corresponding market manual content

Revisions to the Market Rules and Manuals – Preliminary Summary

- The IESO is in the process of drafting responses to all the written feedback received, and making amendments to the market rules and market manuals including the following:
 - MM1.5 – a few stakeholders had concerns regarding the potential for impacts related to pseudo-unit treatment resulting from a recent provision added to Market Manual 1.5 which clarified the requirement that pseudo-units are required to be connected to the IESO-controlled grid at the same connection point. On further review, the IESO determined that exceptions to this requirement could be made, on a case-by-case basis, based on an assessment of any potential reliability impacts. MM1.5 will be revised accordingly.
 - Make-Whole Payment Eligibility – allowance for certain NQS resources that are not GOG eligible to be eligible for MWPs up to its minimum loading point – impact to only one market participant



Restatement of Recourse Solutions Discussed at the August 15th Technical Panel Meeting

Recourse Mechanism and Control Summary

During the August 12th, 2024 meeting of the Technical Panel, the IESO identified existing recourse mechanisms available to market participants who wish to pursue a change to the market rules or to outcomes resulting from the IESO applying the market rules.

At the August 15th meeting of the Technical Panel, the Renewable Generator representative raised questions as to how the existing recourse mechanisms would apply to given hypothetical scenarios.

A summary of the existing recourse mechanisms and their purposes is set out in the table on the following slide.

Recourse Mechanism and Control Summary *(continued)*

Recourse Mechanism	Purpose
Initiate Reference Level Consultation	To assist in establishing or updating resource specific reference level quantities and values
Independent Review Process (IRP)	To seek alternative, independent reference level determinations, following IESO preliminary views
Dispute Resolution Process (DRP)	To challenge the correctness of the IESO application of a market rule
Market Rule Amendment	To change a market rule
Urgent Market Rule Amendment	To change a market rule through an expedited process and for reasons that satisfy urgency criteria
Market Manual Amendment	To change a market manual
OEB Application for Review	To seek a determination from the OEB as to whether a market rule is inconsistent with the purposes of the <i>Electricity Act</i> or is unjustly discriminatory

Potential, Additional Market Rule Amendments

A TP member enquired how any required additional amendments that were identified post-FA approval, up until the end of End-to-End testing, would be managed by the IESO. Such potential amendments would proceed along one of the following tracks:

- **Market Rule Amendments** proposed after IESO Board approval can be introduced through the existing stakeholder engagement process and addressed at regularly scheduled TP meetings as early as Q1 2025, in advance of Market Transition
 - Some proposed amendments may be voted as warranting consideration without a broader engagement initiative, per the TP Terms of Reference
 - The IESO is also prepared to work with TP to schedule additional, special meetings to address non-urgent amendment proposals in an expedited manner

Potential, Additional Market Rule Amendments *(continued)*

- **Urgent Rule Amendments:** market rule amendment proposals that meet the criteria will be considered through the urgent rule amendment process and can be made effective as soon as they are approved by a subset of the IESO Board of Directors, serving as an urgent rule amendment committee
- **Market Manual Amendments:** arising from testing or otherwise can be addressed via the regularly scheduled baseline process, or fast tracked via the Interim Market Document Change (IMDC) process



Market Power Mitigation Working Group

Background

- The IESO held multiple sessions with the Technical Panel to discuss energy suppliers' concerns with the new market power mitigation framework (MPM) being introduced through Market Renewal
- IESO understands energy suppliers' concerns as follows: if significant issues occur with the new MPM framework, it may be difficult to understand the root causes and/or IESO may not be prepared to address issues in a timely way
- IESO has proposed actions that can be taken to help identify potential unintended outcomes of the MPM implementation and to mitigate the risk of material unintended results on suppliers

Background (continued)

In addition to Market Participants' ability to leverage the existing recourse options discussed in previous meetings, the IESO proposed to also take the following actions:

1. Further delay designation of constrained areas
2. Enhance End-to-End testing
3. Apply IESO discretion to not issue ex-post mitigation assessments if warranted
4. Establish a Market Power Mitigation Working Group

IESO Commitment to Establish MPM Working Group

- Establish a Market Power Mitigation Working Group (“MPMWG”) in advance of go live to proactively prepare for addressing issues that might arise after MRP go live
- Mandate of the MPMWG would be to develop a framework for reviewing potential issues, including the development of prioritization criteria
- Post go live, the MPMWG would endure to advise on assessment and prioritization of issues, and solutions to material unintended outcomes from the MPM framework
- Regular reports would be provided to the Technical Panel to allow Panel members to monitor progress

For Discussion

- Seeking TP feedback on:
 - Draft market rule language to codify the obligation to establish a working group to develop a framework for reviewing and addressing potential unintended outcomes of the new market power mitigation construct
 - Conceptual mandate and terms of reference for the market power mitigation working group

Draft MPM Working Group - Transitional Market Rule

The following is proposed to be added to "Section A" of the transitional provisions in MR Ch.0.7:

A.2 The *IESO* shall establish a working group the objective of which will be to assist in identifying unintended outcomes of the market power mitigation framework and considering means to address such unintended outcomes. The working group shall serve as an advisory body to the *IESO* and shall consist of both *IESO* staff and representatives from impacted parties. The working group will perform its function until a date that is one year following the *market transition completion*, or for such longer period as may be agreed to as between the *IESO* and the working group.

MPMWG – Conceptual Mandate

The following outlines the IESO's initial thoughts on a conceptual mandate, which would ultimately be developed by the working group itself:

- Develop the framework for identifying and prioritizing issues that could be considered unintended outcomes of MPM implementation;
- Maintain an inventory of MPM-related issues deemed by the working group to be unintended outcomes, along with the materiality of those issues. This will aid the Working Group in considering the relative importance and priority of issues and their resolution; and
- Provide advice on potential solutions to specific market power mitigation issues through analysis and discussion.

MPMWG – Conceptual Terms of Reference

- Advisory group with broad sector representation
- Members appointed to the group following an open call for nominations - group composed of approximately six to ten members, including two representatives from the IESO
- Meeting materials, information and updates for the group will be shared with stakeholders and the broader public through an IESO engagement webpage
- The process to establish the working group can begin shortly after the MRP market rules come into effect in November 2024

Thank You

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