

From: Lukas Deeg <[REDACTED]>
Sent: Monday, September 2, 2024 10:30 PM
To: Stephen Nusbaum <[REDACTED]>
Cc: Candice Trickey <[REDACTED]>
Subject: RE: Intertie Market Power Mitigation

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Hello Stephen,

Thank you for seeking out the answers. For the fourth question, I am interested in scenario c:

(c) resources in external jurisdictions with IESO capacity auction obligations

Thanks,

Lukas

Lukas Deeg

Director | Regulatory & Environmental Policy

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From: Stephen Nusbaum <[REDACTED]>
Sent: Thursday, August 29, 2024 8:35 PM
To: Lukas Deeg <[REDACTED]>
Cc: Candice Trickey <[REDACTED]>
Subject: RE: Intertie Market Power Mitigation

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Hi Lukas,

Please see below for responses to three of your four questions. For the fourth, we're hoping you can clarify the scenario you had in mind so we can make sure we're providing the right answer.

Thanks,
Steve

From: Lukas Deeg <[REDACTED]>
Sent: Thursday, August 22, 2024 10:08 PM
To: Candice Trickey <[REDACTED]>
Cc: Stephen Nusbaum <[REDACTED]> Michael Lyle <[REDACTED]> Trisha <[REDACTED]>

Subject: RE: Intertie Market Power Mitigation

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Hello Candice,

Apologies for being vague in my initial email and my delay in getting back to you.

Question 1: Referencing Slide 53, what happens in a scenario where a supplier has a BESS project (or other generation) and engages in import and exports. The need for BESS to participate in DAM could conceivably make it seem the entity is taking conflicting positions with BESS benefitting from higher prices and intertie with lower prices. How would MPM work in this scenario?

Would anything change in the opposite scenario – BESS is scheduled and the entity successfully secures an import on the intertie?

BESS resource economic withholding in ex-ante timeframe is independent from after-the-fact intertie economic withholding (IEW) of imports/exports. There is no interplay between these assessments.

IEW will only assess intertie transactions when:

- The congestion component of the energy Intertie Border Price (IBP) at that uncompetitive intertie zone is greater than \$25/MWh
- Energy offer or Energy bid has a price greater than \$25/MWh
- Operating reserve LMP at that uncompetitive intertie zone is greater than \$15/MWh
- Operating reserve offer greater than \$5/MWh

Question 2: Regarding the following:

A price impact test compares LMPs determined using the submitted dispatch data to LMPs determined using IRLs and is failed if the former are significantly higher than the latter [Slide 55 of the attached]

What is considered significantly higher?

Price impact test for energy fails if:

- simulated LMP using IRL is higher than simulated LMP using as-offered dispatch data by more than \$50/MWh, or
- simulated LMP using IRL is higher than simulated LMP using as-offered dispatch data by more than 100% (i.e., more than 2x of as-offered LMP)

Price impact test for operating reserve fails if:

- simulated LMP using IRL is higher than simulated LMP using as-offered dispatch data by more than \$25/MWh, or
- simulated LMP using IRL is higher than simulated LMP using as-offered dispatch data by more than 50% (i.e., more than 1.5x of as-offered LMP)

Question 3: Please confirm that Intertie Economic Withholding tests will only apply when there is an actual import energy offer (e.g., IESO will not assume a market participant's behaviour based on assessment of historical data)?

There is no physical withholding equivalent on interties. IEW will only be assessed when an import or an export is scheduled by IESO on the uncompetitive zone.

Question 4: Could you clarify how intertie MPM applies to energy offers originating from capacity auction obligations? How are these accounting for or are there exceptions?

Before we respond, could you please clarify exactly what situation you are referring to – is the question asking about (a) Ontario based resources with IESO capacity auction obligations, (b) Ontario based resources with external jurisdiction capacity obligations, (c) resources in external jurisdictions with IESO capacity auction obligations, or (d) some other scenario.

Thanks,

Lukas

Lukas Deeg

Director | Regulatory & Environmental Policy

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From: Candice Trickey <[REDACTED]>

Sent: Thursday, August 15, 2024 1:16 PM

To: Lukas Deeg <[REDACTED]>

Cc: Stephen Nusbaum <[REDACTED]>; Michael Lyle <[REDACTED]>; Trisha

Hickson <[REDACTED]>

Subject: RE: Intertie Market Power Mitigation

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Hi Lukas,

Can you provide some more specific questions for us to look at so we can figure out if we need a meeting to discuss or can provide written feedback?

Thanks; [REDACTED]

From: Lukas Deeg <[REDACTED]>

Sent: August 15, 2024 8:50 AM

To: Michael Lyle <[REDACTED]>; Trisha Hickson <[REDACTED]>; Candice Trickey

Hickson <[REDACTED]>

Subject: Intertie Market Power Mitigation

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Hello Mike, Trisha, and Candice

I am not sure if it is still possible to cover this in today's session, but I was hoping to get some additional information on how intertie MPM and other trading functions potentially interact with MPM provisions related to market control entities.

Happy to have the discussion outside of the meeting as well.

Thanks,

Lukas

Lukas Deeg

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