

From: URUKOV Vladislav -REGAFFAIRS [REDACTED]

Date: August 30, 2024 at 6:58:03 PM EDT

To: Trisha Hickson [REDACTED]

Cc: Michael Lyle [REDACTED] David Short [REDACTED]

Subject: RE: August 27 TP MRP Meeting Follow-Up (MPM WG)

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Trisha,

Small correction – “Disagreement” should have read “Dispute”. I have made the correction in the text below

Trisha,

I am sending the comments below in response to the IESO’s request for feedback on the proposed MPM language as well as some broader topics discussed at the TP’s most recent meeting.

From a procedural standpoint, as IESO’s email to TP members introduced further changes to the proposed language, I believe IESO’s communication, my comments (below), and the IESO’s response to these comments (as well as any other comments from TP members) should form part of the TP’s record to add transparency and visibility to discussions that pertain to Market Rule amendments. Please let me know if that makes sense and if the request can be accommodated.

Firstly, I would like to thank the IESO for working with participants on concerns that emerged during the dedicated MPM sessions, as well as to commend the IESO for holding these sessions in response to TP feedback in the first place.

To set some context to my specific comment, I am guided by the general principle that intent should be part of rule language to the greatest extent possible and in a clear and comprehensive way. To that goal, I think statements of intent expressed in communications and presentation should be translated into appropriate rule language to ensure enduring transparency.

Therefore, I would like to recommend that:

1. The proposed rule language in A.2 reflects IESO's communicated intent: ... "the IESO recognizes the possibility that operational experience with the MPM framework may suggest further refinements to the design, including with respect to avenues for recourse."

Specifically, I suggest that the IESO add the language in yellow to the transitional A.2. The addition of the word "potentially" reflects the timing of the creation of the MPM WG at which point impact would be hypothetical.

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 recommending means to address such unintended outcomes, including with respect to avenues for recourse. The working group shall serve as an advisory body to the IESO and the Technical Panel, and shall consist of both IESO staff and representatives from potentially 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.

1. The IESO add language to the transitional section of the Market Rules that captures the communicated intent found on slide 7 of the August 15th presentation titled "MRP: Monitoring and Addressing Potential Issues and Unintended Consequences Associated with the Market Power Mitigation Framework":

3. Pause Ex-post Mitigation Assessments

- If an excessive number of offers, either for an individual supplier or a related group of suppliers, are being flagged for ex-post mitigation the IESO has discretion to determine whether an assessment is warranted and not issue the request for information to the Market Participant
- This applies to ex-post mitigation of physical withholding (MR 22.15.1) and intertie economic withholding on an uncompetitive intertie zone (MR 22.17.1)
- The IESO will be ready to exercise such discretion to avoid unintended consequences until such time as a thorough review of the underlying issue can be conducted, and where necessary, updates to Market Manuals, Market Rules, and/or Reference Levels can be completed

Specifically, the language should formally capture the IESO's stated intent to apply discretion to determine whether an assessment is warranted.

Secondly, in relation to the "thorough review of the underlying issue", which I believe is a direct reference to the work of the MPM WG captured in A.2, the language should recognize the role of the MPM WG. Participant should be able to trigger a review and the MPM WG render an opinion on "whether an assessment is warranted" in light of "excessive number of offers...." being subject to ex-post mitigation received by a participant even if the IESO did not identify them as "excessive" in the first place (as the term "excessive" carries a great deal of subjectivity).

I believe having a section in the transitional Rules that captures the above with direct reference to IESO's commitment and the role of the MPM WG will add transparency, enshrine this transitional measure in the Market Rules, and add symmetry in keeping with the general principle of fairness.

Thirdly, the existing Recourse Mechanisms (as captured on slide 9 of the August 27th presentation titled "Market Renewal Project...") as applied to Ex-Ante Mitigation carry high degree of ambiguity particularly as related to the applicability of the Notice of Dispute process – that uncertainty was acknowledged during the IESO's August 27th presentation on this topic. As such, Ex-Ante mitigation carries elevated participant risk compared to Settlement Mitigation and Ex-Post Mitigation which are subject to the NOD process (as a precursor to a possible Notice of Dispute) by virtue of their direct linkage to settlement outcomes.

I see the possible ex-ante issue and its impact on price as conceptually analogous to some of the triggers behind IESO's use of administrative prices as captured below:

2.14 Market Remediation

2.14.1 Notwithstanding any other provisions in this MR Ch.9, if the *IESO* implements *administrative prices* in accordance with MR Ch.7 s.8.4A, the *IESO* shall utilize the *administrative prices* during the *settlement process*.

8.4A.3B For the purposes of section 8.4A.2.3, a published *energy* or *operating reserve market price* will be subject to *administrative prices* if it is incorrect due to an input in the *real-time calculation engine* and relates to any of the following:

8.4A.3B.1 the formation of an *electrical island*

8.4A.3B.2 the loss or corruption of inputs to the *pre-dispatch calculation engine* or *real-time calculation engine* due to an:

- (a) operational telemetering failure;
- (b) *IESO-administered markets* software failure; or
- (c) *IESO* business process failure.

As Ex-Ante mitigation has a direct impact on a participant's LMP, any incorrect implementation of determinants and processes that trigger offer mitigation would also have a similar impact to the instances captured in 8.4A.3B.2. Based on the above, and absent an ability to administer prices in such circumstances, I believe this potential issue can be addressed by added transitional language that recognizes Ex-Ante matters contemplated by the MPW WG as subject to the Notice of Dispute process (section 2.5 of Ch 3).

Very happy to discuss these in more detail as needed.

Regards



Vlad Urukov

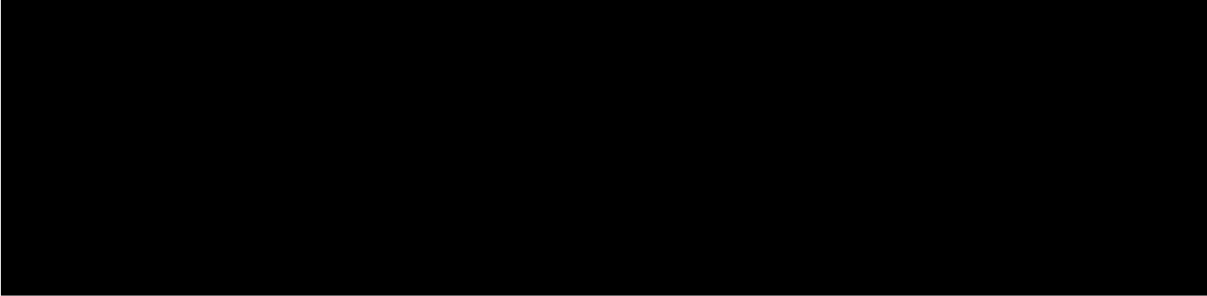


From: Trisha Hickson [REDACTED]

Sent: Wednesday, August 28, 2024 11:27 AM

To: [REDACTED]

[REDACTED] URUKOV Vladislav -REGAFFAIRS



Cc: Michael Lyle [REDACTED]; David Short [REDACTED]
Subject: August 27 TP MRP Meeting Follow-Up (MPM WG)

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Good morning,

Thank you for the production discussion yesterday. Please see below information and request and let me know if you have any questions.

*Note the MR language is inserted as an image at the bottom of this email. Let me know if you have any issues seeing it.

Below you will find an update to the proposed language creating an obligation on the part of the IESO to establish a Market Power Mitigation working group (MPM WG).

The update introduces two changes to the wording of the market rule amendment proposal, based on feedback received from the Technical Panel. First, the update clarifies that the MPM WG would not only consider but could make recommendations with respect to how potential unintended outcomes of the MPM framework could best be addressed. The IESO understands that such recommendations could be technical or procedural and could include recommendations with respect to the urgency of any related market rule amendment proposal.

The second update expands the MPM WG's role from an advisory body to the IESO to an advisory body to both the IESO and the Technical Panel. The IESO understands that the recommendations of the MPM WG could assist the Technical Panel in formulating its own advice and recommendations to the IESO Board.

Some panel members expressed an interest in further exploring additional recourse mechanisms specific to addressing unintended outcomes of the MPM framework. It is not clear to the IESO what such recourse mechanisms might entail and the IESO does not believe that deviation from the established mechanisms is warranted at this time. However, the IESO recognizes the possibility that operational experience with the MPM framework may suggest further refinements to the design, including with respect to avenues for recourse. Market rule amendments to reflect such refinements could be proposed on the basis of recommendations from the MPM WG and could be stakeholdered in the ordinary course. The Technical Panel can, on its own initiative, determine that an amendment to or a review of a market rule may be warranted.

The IESO intends to publish the updated proposed language as part of the Final Alignment Market Rule Amendment Proposal Package by September 3rd.

Please forward any comments or questions with respect to the proposed language directly to [REDACTED] by Friday August 30th.

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 recommending** means to address such unintended outcomes. The working group shall serve as an advisory body to the *IESO* and **the Technical Panel, 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.

Regards,

Trisha

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