

IESO Technical Panel - Summaries of the MRP Supplemental Meetings

Meeting location: In-Person/Video Conference

Chair/Sponsor: Michael Lyle

Scribe: Trisha Hickson, IESO engagement@ieso.ca.

Invitees	Representing
Jason Chee-Aloy	Renewable Generators
Rob Coulbeck	Importers/Exporters
Dave Forsyth	Market Participant Consumers
Jennifer Jayapalan	Energy Storage
Indra Maharjan	Consumers
Forrest Pengra	Residential Consumers
Robert Reinmuller	Transmitters
Joe Saunders	Distributors
Vlad Urukov	Market Participant Generators
Michael Pohlod	Demand Response
Lukas Deeg	Generators
Matthew China	Energy Related Businesses and Service
David Short	IESO
Michael Lyle	Chair
Secretariat	



Invitees	Representing
Trisha Hickson	IESO
IESO Presenters/Attendees	
Stephen Nusbaum	
Darren Byers	
Jo Chung	
James Hunter	
Jessica Savage	
Candice Trickey	
Carita Edwards	
Paula Lukan	
Adam Cumming	
Tim Cary	
Haris Iqbal	

Meeting date: 23/July/2024; 9:00 am to 2pm

Jessica Savage provided context explaining this meeting is a continuation of the July 16th Technical Panel session relating to the MPM framework and would also take into account questions received in advance from Technical Panel ("TP") members. Tim Cary presented the contents of the MPM presentation.

In the course of the presentation and discussion, areas of clarification included:

- The processes for a temporary reference level value change request, including the relevant timelines and differences where a previous market participant request had been rejected.
- The precise timelines and steps relating to the replacement of offers. Specifically, that all offers from mitigated resources are replaced simultaneously and that only a single re-run would take place
- The IESO would not publish Pass 1 (as-Offered) but will publish outputs from Pass 3.
- The benefit to market participants of submitting fuel cost change requests to ensure the

calculation engine uses appropriate values and mitigates against infeasible schedules.

The main concerns raised by the Technical Panel related to the planned end-to-end testing and its similarity to the actual market post go-live, including questioning whether all relevant inputs would be dynamic in testing. The IESO acknowledged that testing is not perfectly representative of the market, in part, because bids/offers and inputs into the process will be for testing purposes and may not reflect how market participants will participate in the real market. Rather, testing is to ensure that both the IESO and market participant systems and processes are working as intended and market participants understand how data flows. In response to questions about specific aspects of the testing process, the IESO confirmed that end-to-end testing would include all dispatch functionality, submit fuel cost change requests, and NCA and DCA designations which will allow market participants to see how to trigger and validate results. The IESO agreed to consider providing a preliminary view of potential PCAs and NCA designations based on the first 90 days of data after go-live.

Candice Trickey concluded the MPM presentation by summarizing that the IESO was hearing from the TP that they understand the theory but that there is uncertainty regarding how it will actualize in the market, how strategies and processes might change, and how market participants can plan and prepare for some of those aspects. She reiterated the IESO's commitment to assisting participants in preparing for MRP go-live and asked for any specific information or measures that could supplement current efforts.

Tim Cary switched to the second deck regarding settlement mitigation and presented the contents. The IESO commented about the history of extensive stakeholder engagement on MPM. During the presentation and discussion, areas of clarification included:

- Reiterating that there is no additional 'claw-back for ex ante mitigation'; Settlement Mitigation processes are focused on ensuring correct make-whole payments when competition is restricted, market power is exercised, and intervention is warranted to ensure the right outcomes.
- The IESO confirmed that pre-approved values for RT GCG will go away with the new MPM framework.
- Explaining why a fuel costs change process parallel to the ex-ante process is not necessary.
- IESO confirmed that the data package and settlement data files will include inputs the IESO used to calculate settlement amounts, and the will provide information about conditions, designations, whether passed or failed, and the mitigated offers (ex post and ex ante) which would include the constraints that were provided by the mitigation process to settlements.
- The timeframe at which various settlement amounts are calculated, and that DA_GOG and RT_GOG will not overlap; it will be one or the other, unless there are incremental costs in real time which would be assessed.

Areas of concern expressed by Technical Panel members during the presentation included:

- the impact of the MPM regime is difficult to determine without knowing the frequency of occurrence of mitigation, which the IESO pointed out is dictated by market participant behaviour

- the visibility of market participants relative to the current market where it is a manual after the fact process.

Tim Cary switched to the presentation relating to the IRP follow up and next steps and presented that information. The discussion during the presentation largely related to the concerns of Technical Panel members about the scope of various recourses, and in particular there was concern expressed with respect to potential flaws in the design reflected in the rules that may not be detected until later; what is the recourse for market participants when MRP goes live and it is then determined that the design has unintended consequences that take a period of time to fix?

Mike Lyle commented that these are concerns the IESO will take away and ensure are incorporated into the August 12th session and invited other topics from the Technical Panel.

Meeting date: 12/August/2024; 9:00AM to 12:00PM

Michael Lyle, Chair welcomed everyone and thanked Technical Panel (TP) members for their participation and contributions during the additional sessions held over July and August to discuss Market Renewal related items ahead of the meeting. Mr. Lyle pointed to the Panel's commitment and thoughtful feedback as being critical to ensuring the market rules reflect the design. In addition, Mr. Lyle noted that the IESO is still accepting nominations for the Market Participant, Consumer representative. The posting is still available on LinkedIn. Mr. Lyle also noted that the IESO Board has approved the 2024 Capacity Auction Market Rule Correction Amendments, effective September 20th.

Haris Iqbal continued the presentation of the July 23rd slide deck. During the presentation and discussion, areas of clarification included:

- Regarding ex post assessments of physical withholding, a first notice, to be issued within 90 days would include the resource, the timeframe, the reference quantities used, the submitted offers from the market participant, and information concerning the LMP.
- A discussion relating to dispatchable loads with capacity obligations and their provision of operating reserve was taken offline for further discussion with the TP members representing certain auction participants including load and storage resources.
- Some specific examples that might be acceptable to avoid settlement charges related to physical withholding and the IESO indicated that its MPM team would be reasonable in their assessment and determination of what evidence would be accepted.
- IESO clarified that when considering a Market Control Entity for Physical Withholding (MCEPW), it is 10MW or more just within the specific constrained areas.
- IESO clarified that it would not resettle the market and would only apply the physical withholding settlement charge to the resource that engaged in physical withholding, not all resources with the same MCEPW.

Jessica Savage provided some concluding thoughts on the July 23rd presentation and introduced the next presentation. She outlined the extensive stakeholder engagement history on MPM, and noted that while there have been very few changes to the fundamental construct provisionally approved in 2022, the IESO has made many meaningful changes in response to stakeholder and Technical Panel feedback and thanked the Technical Panel for their efforts in providing such feedback. She further introduced the presentation by indicating that its objective was to outline current avenues of 'recourse', where gaps may exist, and practical means of addressing those concerns, including the potential for a post-go-live monitoring framework.

James Hunter and Stephen Nusbaum presented the contents of the presentation. During the presentation and discussion, areas of clarification included:

- The complexity of short-run marginal costs for hydro resources and how the IESO has spent a lot of time with the hydro community over the past year and a half to refine many elements to ensure the complexity of these resources is addressed.
- Examples provided of what types of MPM issues would be captured under the various types of 'recourses' discussed in the presentation

Areas of concern expressed by Technical Panel members during the presentation included:

- Visibility into the reference level consultations; there was discussion relating to the tension of ensuring transparency and maintaining confidentiality. IESO committed to trying to provide as much information as possible about how resource reference levels are determined
- Technical Panel members expressed concerns regarding the comprehensiveness of the recourse mechanisms. Specifically, of the potential omitted/unintended things that will be unknown until after go-live, plus time for root cause analysis and solution implementation which can have financial and operational impacts

Meeting date: 15/August/2024; 9:00AM to 11:30AM

Jessica Savage commenced the meeting by providing context, indicating that it was a continuation of the conversation from the last meeting, and that a new deck was being presented which articulates the concerns that were heard, the actions being taken to mitigate those concerns, covering next steps, and providing an opportunity for a Q&A on any of the previously published materials. It was emphasized that the IESO is looking for Technical Panel feedback on the actions being proposed to mitigate their concerns.

Candice Trickey and Stephen Nusbaum presented the contents of the presentation. In the course of the presentation and discussion there was significant discussion regarding end-to-end testing. It was confirmed the IESO would have staff available to assist market participants navigating the testing environment, and the IESO committed to including a list of what is outside of scope as part of its testing plan to be released later this year.

A TP member expressed concern regarding the scope of the end-to-end testing, and the IESO explained that the planned testing would be akin to an operational dry-run, and consistent with the approach taken in other markets. The planned end-to-end testing would consist of loading up the system with all of the relevant inputs and the IESO running the market for extended periods of time, with different scenarios or focus areas in each

week. The efficacy of this testing will require market participants to participate in the market submitting realistic offers etc., as it will be a full end-to-end, bid-to-bill, test.

Candice Trickey and Stephen Nusbaum presented the contents of the next presentation relating to the proposed MPM Working Group. The ensuing discussion covered the following topics:

- Composition and scope of the MPM Working Group
- Requirements for an urgent rule amendment and the IESO's plans to ensure that it will be ready to quickly identify, triage, and resolve issues post-go live
- TP members indicated a preference for the MPM Working Group to be enshrined in the transitional market rules. Jessica Savage indicated that she saw no initial concerns with such a suggestion and that the IESO would take it away for further consideration.
- Some concerns were expressed in regards to the adequacy of recourses if/when issues are identified

The IESO team presented the Technical Panel Memorandum developed in response to questions regarding the Final Alignment Batch. Topics discussed and clarifications provided included:

- Discussion regarding the change of SEAL treatment from an after the fact manual process to an automatic process subject to the NOD process.
- It was clarified that only DCAs and NCAs are subject to the extended implementation window, not the entire MPM Framework.
- A couple of typos were identified in the Memo that the IESO committed to correct, including the OR conduct test is for offers above \$5/MW, not \$25/MW, and the conduct and impact test for MPM is in Ch 7 appendix, not Chapter 9 [*Note: it was subsequently determined that the memo was drafted correctly. A presentation was provided at the subsequent TP*]
- It was confirmed that the precise administrative pricing mechanism to be utilized during market transition, if necessary, will be a decision made at the time based on the data the IESO is observing, as per the process set out in the Final Alignment Market Rules The IESO confirmed that participants would be notified as soon as a the IESO is able to make a determination based on the available data.

Following the presentation Jessica Savage led a discussion with the Technical Panel on next steps. She noted that she heard support for an MPM Working Group to provide further assurance that unintended consequences from the MPM framework would be identified, prioritized, and addressed. Jessica proposed an additional Technical Panel meeting before the Sept 10th vote, which would be to review draft market rule language regarding the establishment of the MPM Working Group and to provide clarity on timelines and mechanisms for addressing issues identified between the rules coming into effect and MRP go-live. There was general agreement with the establishment of the MPM Working Group and support for an additional Technical Panel meeting with August 27th being tentatively scheduled.

Meeting date: 27/August/2024; 9:00AM to 11:20AM

Stephen Nusbaum presented the contents of the August 27th presentation. In the course of the presentation and discussion, areas of clarification included:

- How MPM Working Group findings could lead to the application of one or more avenues of recourse, that avenues of recourse can be pursued concurrently, and whether all possible issues identified by the MPM Working Group could be addressed through existing avenues of recourse.
- In response to a concern about the time between end-to-end testing and go-live, the IESO indicated that the market rule amendment process could commence during testing.
- IESO clarified that it would provide staff support for the MPM Working Group, IESO representatives would be on the MPM Working Group, and the process to establish the working group can begin shortly after the MRP market rules come into effect in November 2024.
- There was some discussion concerning the interaction between the Technical Panel and the MPM Working Group, and the IESO indicated that the MPM Working Group would provide regular updates to the Technical Panel.
- There was also discussion regarding balancing individual MP confidentiality against the need for transparency at the MPM Working Group, including published minutes, summaries and reports back to the Technical Panel. It was also suggested that the IESO consider permitting observers to the MPM Working Group.
- A Technical Panel member raised a concern with respect to how an unintended design consequence could be addressed, and what the recourse to address the retrospective financial issue would be. IESO noted that the MPM Working Group mandate includes considering strategies for addressing unintended outcomes but noted that as issues are identified and the market design evolves, there would be no retroactive resettlement of the market. The IESO also indicated that potential unintended consequences of the MPM framework could impact consumers, not just suppliers.

The meeting concluded with general remarks from a TP member commending the IESO's efforts at ensuring market participants are more comfortable with the implementation of the MPM framework, appreciating that they will not be completely comfortable because it is a new market, and that the MPM Working Group will play an important role in providing assurance that issues will be properly identified, prioritized, and addressed.