

Memorandum

To: Technical Panel

From: Candice Trickey, Director Market Renewal Program Readiness

Date: April 7, 2025

Re: Market Renewal Program Update

The Market Renewal Program (MRP) is on track to proceed with the renewed market launch on May 1, 2025, as communicated to the sector through the IESO Bulletin on April 4. IESO, market participants and their service providers have been working closely together through several phases of testing and are now focused on final preparations. This memo provides an overview of key developments over the last several months as IESO and sector participants progress towards the launch of the renewed market.

In November, IESO launched the MRP related changes to the Online IESO system used to register participants and resources. This allowed participants to verify registration changes and make any updates or complete final changes in advance of the market launch. At that time participants subject to Market Power Mitigation also received Preliminary View reports for the reference levels and quantities calculated for their resources. IESO is working with participants as needed to refine these in advance of the launch. The Market Power Mitigation Working Group has been established and will be ready to discuss any unintended consequences that may arise after the launch.

IESO and participants completed 10 weeks of End-to-End testing between late January and the end of March. This phase simulated the day-to-day operation of the renewed market with participants bidding and offering daily, and receiving schedules, operational reports and settlement statements based on their transactions. This exercise enabled participants to confirm

their systems are configured properly and IESO to uncover defects that are more difficult to detect through internal testing. It also enabled the discovery of two errors in the market rules that would have been very difficult to detect through rule review alone (refer to agenda item 4 for more information). The IESO is working with participants to close out some remaining details from this phase of testing.

In March, the Ontario Energy Board (OEB) rendered their decision on the market rule challenge submitted by a group of Non-Quick Start Generators and found that the MRP Market Rule Amendments are not unjustly discriminatory and are not contrary to the purposes of the Electricity Act. The decision notes that the amendments increase the economic efficiency of the electricity market to the benefit of all consumers. As a result, the OEB concluded that to the extent that market participants receive different revenues, those differences are due to a more efficient market and do not constitute unjust economic discrimination. With this decision the Market Rules remained in effect and are ready to be operational for the launch. The IESO has been surveying participants over the last several months, and most recently in late March, to check in on their readiness for the launch. Responses were received from over 70% of the market and consistently indicated at least 85% were generally on track. The IESO used these responses to follow up with participants that noted they were falling behind or were not responding and has made direct contact with more than 90% of the market. While many participants will experience minimal to no impact on their systems and processes, as is expected with the remaining unresponsive participants, IESO continues to reach out through various means to ensure broad awareness of the impacts.

A test of the multi-day procedure needed to transition from the legacy to the renewed market systems was completed with participants at the beginning of April to align with the first-of-the-month timing of the actual cutover. The test was performed in the new production environment and participants were able to test connectivity to this new environment in advance to address any access and connection issues before the test and the launch. Participants successfully submitted bids and offers in both the legacy and renewed real-time markets and reviewed the resulting market schedules. The transition to the renewed market is planned to begin the morning of April 30 and be largely complete on May 2 with final transition activities spanning to April 8. Stakeholders can attend an IESO webinar on April 16 focused on final preparations for the launch and outlining what to expect during the cutover period.

The IESO will keep market participants updated should there be any changes to system conditions or readiness that may impact the May 1 date.

Thank you to all the Technical Panel members for the significant effort and careful attention paid to ensuring the renewed market rules accurately capture the intent of the market design.