The Single Schedule Market
Backgrounder

Once implemented, the **Single Schedule Market (SSM)** will change how the IESO schedules and dispatches generators and other resources to meet Ontario electricity demand, helping to deliver a reliable supply of electricity at the lowest possible cost.

The SSM is one of four initiatives within the IESO's market renewal program that are collectively expected to create about $3.4 billion in savings for customers over a 10-year period with the potential to reach as high as $5.2 billion.

SSM Key Facts

- Ensures the market price for electricity in Ontario more accurately reflects the cost of producing or consuming electricity
- Introduces locational pricing for generators and other resources that participate directly in the wholesale market
- Supports more open competition among market participants and will simplify payments to those who generate power, reducing additional out-of-market payments that currently exist
- Reduces complexity and facilitates other electricity market changes being made
- All other North American electricity markets are built around SSMs

How It Works

The purchase and sale of electricity in Ontario is managed through the operation of a competitive wholesale market. Every hour, the IESO receives offers from a wide range of suppliers to provide electricity (as well as bids from large consumers to reduce electricity use on demand) and then schedules the lowest-cost offers needed to meet demand every five minutes.

However, price isn't the only factor when scheduling resources. The dispatch of resources must also respect physical limitations, such as transmission line limits. In this way, the IESO balances supply and demand to maintain the reliability of Ontario's electricity system.

Under the current "two-schedule" design, the physical limitations of the system aren't considered by the "pricing" schedule that sets an Ontario-wide market price and establishes the most economic set of resources to meet demand. This requires a second "dispatch" schedule that does take into account the physical limitations of the system. The result is there are times when resources who cleared the market based on economics are told they cannot proceed, and others that were initially unsuccessful are told they are required to run in order to meet demand.

For example: if the pricing schedule selects several generators in close proximity because their offers are the lowest-cost, the transmission lines in the area might not have the capacity to transmit that much power to where it's needed. The second dispatch schedule would correct this by replacing one or more of these generators with others that are located in an area of the province that has the physical capacity needed to transmit the power. While reliability is met, the market price set by the pricing schedule no longer accurately reflects the actual cost of producing power, and requires a complex system of out-of-market compensation to some participants.

Next Steps

A high level design for the SSM has been released, representing the culmination of almost 18 months of extensive consultation with a wide range of stakeholders, from generators and high-volume consumers to emerging technologies.

The final high level design will be available in early 2019, after which work will begin on a more detailed design.

About the Market Renewal Program

In May 2002, the opening of transparent, wholesale competitive electricity markets in Ontario marked a shift from large, centralized and publicly owned bodies providing services to passive customers to one where buyers and sellers connect to cost effectively supply more engaged consumers with the electricity they need.

While the IESO has made incremental changes to market design to ensure system reliability, the consensus has been clear for some time: the market requires foundational and wide-reaching reforms. That is where the IESO's market renewal program (MRP) comes into play.

To lay the groundwork for market renewal, in 2016 the IESO committed to a made-in-Ontario approach by establishing an internal market renewal team supported by an external Market Renewal Working Group, a representative stakeholder forum to advise and inform the IESO on important strategic, policy and design issues affecting the program's success.

In the two years since, this collaborative effort has delivered a compelling benefits case study, a comprehensive market renewal engagement framework founded on agreed-upon principles, and general consensus on important high-level design decisions that will shape Ontario's new marketplace.

Key Resources

SSM High Level Design
SSM High Level Design Executive Summary
SSM High Level Design Web Page
Market Renewal Program Web Page