

Technical Panel Vote and Rationale on MR-00443 (Transmission Rights Clearing Account Disbursements)
June 23, 2020

TP Member	Constituency	Vote (In Favour)	Rationale
Robert Bieler	Consumers	Yes	
Ron Collins	Energy Related Businesses and Services	Yes	
Rob Coulbeck	Importers/ Exporters	Yes	<p>I would like to provide the following rationale for my vote at the Technical Panel meeting June 23, 2020 with regards to Rule Amendment MR-00443-R00 Transmission Rights Clearing Account (TRCA).</p> <p>The role of the Technical Panel is to review to market rule amendments to ensure that the rule language meets the final design intent of the proposed change not whether there is an agreement on the final design. With this principle in mind, as the Technical Panel member representing Importers/Exporters, I voted to recommend MR-00443-R00 to the IESO board as the amendment does adequately meet the final design intent. The recommendation does not indicate support for the proposed amendment by the trading community.</p> <p>The trading community has expressed concerns about the changes to the TRCA disbursement throughout the stakeholder engagement process. Comments and feedback have been published as part of the Market Development Working Group and may be found on the initiatives website (http://www.ieso.ca/Sector-Participants/Engagement-Initiatives/Engagements/Market-Development-Advisory-Group). In addition, you will find MAG Energy Solutions' feedback on the proposed rules with the Board package.</p> <p>I would like to highlight a couple of the concerns raised by the trading sector. The IESO has acknowledged Ontario's dynamic inertia connections and the trading activity, especially exports, during the COVID-19 pandemic provide both economic and reliability benefits. At the</p>

		<p>request of the Technical Panel, the IESO has provided updated analysis that suggests there would be limited impact on the volume of exports, but it also acknowledged the proposed amendment may impact the activities of some export trading participants. Recognizing the importance of exports during recent months, now may not be the time implement changes that may reduce intertie trading and potentially lower reliability and payments to internal loads.</p> <p>I have a concern related to market participant confidence in the stakeholder and market rule amendment processes and the impact on market activities. There have been suggestions recent Transmission Rights (TR) auction results indicate TRs have been discounted based on the anticipated rule implementation. The problem is the implementation date has changed multiple times during the stakeholder process. Each extension of the amendment implementation impacts TRs purchased for the period that will remain under the current rules. A TR auction participant that purchased TRs in recent annual auctions were essentially guessing which TRCA rules would be in place for the TR period. It would have been beneficial and more efficient to have the amendment implementation date match the expiration of TRs purchased prior to notice that the market rules would change.</p> <p>An appropriate implementation date for this amendment should be set once the rule is approved by both the IESO Board and OEB. Based on the current amendment timelines this would suggest a November 2021 implementation to account for expiration of TRs purchased prior to notice that the market rules would change. Participants should not have their market activities guided by potential rule changes when the amendment process can provide certainty. The market rule amendment process should not impose regulatory risk on market participants but should instill confidence the stakeholder and rule making process will provide market stability.</p> <p>A final concern for Importers/Exporters is the OEB process for determining the fee Export Transmission Service (ETS). While transmission</p>
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David Forsyth	Market Participant Consumers	Yes	<p>I voted to support the proposed Market Rule Amendment (MR-00443-R00) that would change the Transmission Rights Clearing Account disbursement methodology and the date the changes would be implemented. This proposal is aligned with the recommendation from the Market Surveillance Panel to change the methodology of the disbursement of surplus funds such that they are proportionate to Transmission Service charges paid over the relevant period. However, the IESO addressed concerns from Stakeholders about the prospect of immediate implementation and delayed it appropriately to ensure minimal harm to Market Participants who were potentially affected.</p>
Sarah Griffiths	Demand Response	Yes	
Robert Lake	Residential Consumers	Yes	<p>I support the motion for two primary reasons; I think the rule will provide for a more equitable distribution of the TRCA and I understand that exporters/traders will need a reasonable amount of time, deferral to May 2021, to consider how this might affect their business.</p>
Phil Lasek	Market Participant Consumers	Yes	
Robert Reinmuller	Transmitters	Yes	<p>This topic has brought out good discussions and arguments intended to balance the costs between those contributing to the service charges. As both loads and exporters are responsible for their respective proportions, I</p>

			feel that the solution is reflective of the current situation and protects the Ontario Customers. Controlling the costs and expected disbursements will allow for more cost certainty for all participants. The initial direction of 100% allocation to load customers seemed a bit extreme and I am in support of the current recommendation based on the analysis presented by the IESO. As rate structures are being reviewed, I do believe that we need to continually look at opportunities for proper cost allocation to ensure that the infrastructure we continue to pay for and maintain, is properly funded by those that benefit from it and the right behaviors are incentivized.
Sushil Samant	Market Participant Generators	Yes	
Joe Saunders	Distributors	Yes	I voted "In Favour", to recommend to the IESO Board for consideration, to amend the market rules that provide the methodology for the disbursement of surplus funds from the transmission rights (TR) clearing account. The TR clearing account has been discussed at the November 27, 2019, February 4, 2020, May 26, 2020 and June 23, 2020 TP meetings and has gone through extensive stakeholder engagement. Through extensive discussions at the May 26, 2020 meeting, the TP requested from IESO staff updated analysis on the impact a change to the TRCA disbursement methodology may have during the COVID-19 pandemic. After review of the stakeholder feedback, the IESO staff proposed a revised date for the market rule amendment from November 2020 to May 2021. As a result of the impact analysis, staff presentations, TP discussions and stakeholder feedback, I voted in favour to recommend the amendment of the market rules to the IESO Board for consideration.
Jessica Savage	IESO	Yes	I vote in favor of recommending the Transmission Rights Clearing Account Disbursements (MR-00443-R00) proposed rule amendments to the IESO Board for approval because these amendments will ensure a greater portion of disbursements from the Transmission Rights Clearing Account are given

			to consumers that bear the vast majority of system costs. The proposed amendments balance the feedback received from stakeholders including the Market Surveillance Panel, Association of Power Producers of Ontario and energy traders regarding both the disbursement methodology and the implementation date.
Vlad Urukov	Market Participant Generators	Yes	<p>I would like to thank the IESO for facilitating extended stakeholder engagement on the contemplated changes to the TRCA disbursement methodology, including providing analysis on the impacts of these changes on system conditions experienced under the impacts of COVID on demand in Ontario and neighbouring jurisdictions.</p> <p>Dynamic and responsive inerties provide economic benefits, efficient dispatch and help system reliability, equipping the IESO with a market-based tool for managing under certain system conditions, such as surplus baseload generation. I encourage the IESO to continue to engage the Trading community, and other impacted stakeholders, in the ongoing Transmission Right Markets Review and the Market Renewal Program initiatives to reach a common understanding of what an enduring, efficient and dynamic inertia activity looks like.</p> <p>Driven by forecasted price spread between Ontario and its neighboring jurisdictions, the TRCA accumulates revenues for disbursement based on a complex relationship between Congestion Rents, Auction Revenues and TR Payouts. The Trading community plays an integral part in facilitating inertia trade and as a key participant in TR Auctions is an important voice in discussions on changes to TRCA disbursement. Traders have raised a number of concerns and counterarguments in response to the proposed MR amendment and I acknowledge that the IESO has made changes based on feedback provided during the stakeholder engagement process.</p> <p>The implementation of the proposed Market Rule amendment must ensure that Market Participants who have made decisions based on the Rules as they exist in current form are not</p>

			<p>unduly harmed due to uncertainty or ex-post change(s). Acknowledging that the proposed implementation date has been changed from November 2020 to May 2021, recent feedback has suggested that November 2021 is also an appropriate effective date, allowing for IESO Board approval and formal implementation of the Market Rule amendments in advance of an August Long Term auctions spanning the October 1, 2020 to September 30, 2021 period. With the above in mind, I am voting in support of the proposed Market Rule amendment as it sufficiently supports IESO's intent and follows a comprehensive Stakeholder Engagement process.</p>
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