

Memorandum



To: **MARKETS COMMITTEE**

From: Michael Lyle, Vice President, Legal Resources and Corporate Governance
Chair, IESO Technical Panel

Date: August 23, 2022

Re: Adjustments to Intertie Flow Limits (Market Rule Amendment MR-00468-R00)

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Purpose of Item: Recommendation for Approval to the Board

Executive Summary:

The IESO is seeking a decision from the IESO Board on a proposed market rule amendment that specifies when internal transmission constraints will be considered by the IESO in setting intertie flow limits (MR-00468-R00). A majority of Technical Panel recommended this proposal to the IESO Board for consideration.

Significant Issues, Risks and Opportunities:

On July 11, 2022, the Market Assessment and Compliance Division (MACD) communicated to the Technical Panel that it had completed an investigation which found the IESO in breach of the existing market rules for applying intertie flow limits based on internal transmission constraints in August 2021.

Background:

Limits on intertie flows between the integrated power system and neighbouring transmission systems restrict the volume of energy that can be imported to or exported from Ontario. In setting these limits, the IESO provides a best estimate of the maximum flow on the single transmission line to each intertie zone.

Following feedback received at the November 2021 stakeholder engagement meeting, the IESO changed section 4.4.4.2 of Chapter 7 to more narrowly define necessary system conditions. No other comments were received on the specific market rule language. Additional information can be found on the stakeholder engagement [webpage](#).

Proposal and Analysis

The proposed market rule amendments provide that the IESO may consider internal transmission constraints in setting intertie flow limits in order to reflect the supply in the region. The implementation of these proposed market rule amendments means that if intertie flow limits are reduced, there may be a corresponding reduction in unwarranted congestion management settlement credits (CMSC) to traders. In that scenario, Ontario loads would be charged equivalently less through CMSC uplifts.

Next Steps / Implementation:

I recommend that the Markets Committee recommend that the Board accept the vote and recommendation of the Technical Panel to approve market rule amendment MR-00468-R00: Adjustment to Intertie Flow Limits, with an effective date of September 19, 2022, 2022.

Requested Committee Resolution:

The Committee is asked to pass the following resolution:

CONCERNING MR-00468-R00: Adjustments to Inertie Flow Limits, which provide that internal transmission constraints may be considered when setting inertie flow limits.

WHEREAS the IESO engaged with the Technical Panel and stakeholders and incorporated their suggestions into the proposed market rule amendment.

WHEREAS the Technical Panel voted to recommend MR-00468-R00 for approval by the IESO Board.

NOW THEREFORE the Markets Committee of the IESO Board recommends MR-00468-R00 for approval by the IESO Board, to come into effect on September 19, 2022.

Michael Lyle

Cc: IESO Records

Encls.

- a. Market Rule Amendment Proposal form
- b. Technical Panel Materials
 - i. Memo to Technical Panel from IESO staff
 - ii. TP member Rationale
- c. Stakeholder feedback summary, stakeholder engagement and Technical Panel
- d. Consumer Impact Assessment