

Memorandum



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To: **MARKETS COMMITTEE**

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

Date: March 7, 2023

Re: Enabling the Co-located Hybrid Model (Market Rule Amendment MR-00474-R00)

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 will provide market participants with increased flexibility to manage multiple facilities behind a connection point where the maximum capability of those facilities is in excess of the maximum allowed quantity. The Technical Panel unanimously recommended this proposal to the IESO Board for consideration.

Significant Issues, Risks and Opportunities:

The IESO is proposing market rule amendments that will allow generation and electricity storage facilities that are co-located behind a single connection point on the grid to more efficiently manage their energy offers and bids. This is intended to benefit market participants by allowing increased flexibility to manage their resources that are co-located, which will also benefit the electricity system by enabling more resources and increasing the amount of available capacity.

Background:

The IESO held a series of stakeholder sessions to discuss the proposed changes listed above. Materials from these sessions including presentations and stakeholder feedback is available on the [Hybrid Integration Project webpage](#).

During the January 27th Technical Panel meeting, the Technical Panel voted to post the proposed market rule amendment for stakeholder comment. The amendment was posted for a period of two weeks. No stakeholder feedback was received during this period.

Proposal and Analysis

The IESO is proposing to add two new subsections to the market rules. The first subsection will allow generation facilities and electricity storage facilities that are registered to the same market participant and connected to the same connection point, to submit offers and bids based on the net injections and withdrawals. This applies where none of the facilities are providing contract ancillary services (regulation, black start capability, voltage control, reactive power and any other such services established by the market rules) or participating in the operating reserve market.

The second subsection addresses the case where one or more of the facilities is providing contract ancillary services or participating in the operating reserve market. In this instance, the proposed changes will limit the sum of all injections or the sum of all withdrawals for all generation facilities and electricity storage facilities to that of the connection point limit. This is to ensure that facilities that are providing ancillary service or participating on the operating reserve market are always able to provide the services they are contracted to provide.

The intent of these rules is to enable additional resources while also allowing market participants to more efficiently manage their resources that are co-located. The proposed rules maintain system reliability by requiring that resources that are providing ancillary services or participating in the operating reserve market are scheduled so that they will be available to provide the services they have been contracted to provide.

Next Steps / Implementation:

I recommend that the Markets Committee recommend that the IESO Board accept the unanimous vote and recommendation of the Technical Panel to approve market rule amendment MR-00474-R00: Enabling the Co-located Hybrid Model with an effective date of June 7, 2023 in order to align with the market rule and market manual baseline schedule.

Requested Committee Resolution:

The Committee is asked to pass the following resolution:

WHEREAS the IESO is proposing to amend the market rules by adding rules which describe when multiple facilities that are registered to the same registered market participant and connected to the same connection point will be able to submit offers and bids based on either the sum or net injections and withdrawals for all generation facilities and electricity storage facilities.

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 unanimously to recommend MR-00474-R00 for approval by the IESO Board.

NOW THEREFORE BE IT RESOLVED THAT the Markets Committee recommends that the IESO Board accept the vote and recommendation from the Technical Panel and approve MR-00474-R00: Enabling the Co-located Hybrid Model to come into effect on June 7, 2023.

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. Technical Panel member Rationale
- c. Stakeholder feedback summary, stakeholder engagement and Technical Panel
- d. Consumer Impact Assessment