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Market Renewal Project Market & System Operations (MSO) Batch Stakeholder Feedback: Summary and Response

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Agenda

- Review stakeholder comments on the Market & System Operations (MSO) batch and the IESO's responses, including resulting amendments to the MSO draft rules and manuals
- Update on the Dispatch Scheduling & Optimization (DSO) review
- Next steps for the MSO batch

Summary of Stakeholder Comments

The IESO received 140 comments on the MSO batch from seven different organizations.

Clarifications on how the new rules and procedures would apply in various scenarios was the focus of majority of the feedback. The most common questions pertained to the new dispatch data submission timelines and revision restrictions.

Organizations also sought clarity on how the new tools would work, including which processes would be automated and which would need to be performed manually.

Outcome of Responses - Summary

The responses to stakeholder comments fall into the following categories:

Response Type	Number of Responses (140)
Clarification via Response	93
Editorial Change	16
Addition of Content	1
Update to a Defined Term	1
Modification of Market Rule or Market Manual	29

Noteworthy Responses to Stakeholder Feedback

The IESO would like to highlight its responses to stakeholder feedback on the following topics:

- Feedback that will result in modifications to the MSO batch:
 - Dispatch Data Revision Restrictions
 - Post-Grid Isolation
 - Bid Price Threshold
- Feedback where clarification is warranted:
 - Economic Operating Point

Dispatch Data Revision Restrictions

In considering questions regarding dispatch data revisions, the IESO determined that market participants would need more flexibility to revise daily dispatch data parameters on the dispatch day than permitted in the proposed MSO rules.

Accordingly, the IESO will amend the dispatch data revision rules to permit market participants more flexibility to revise various daily dispatch data parameters, including maximum daily energy limit, minimum daily energy limit, and maximum number of starts per day, during the real-time market restricted window on the dispatch day.

Post-Grid Isolation Treatment

The draft MSO manuals addressed scheduling of GOG-eligible non-quick start resources returning from grid isolation. The IESO stated that the pre-dispatch calculation engine would assume that such a resource would return in a warm thermal state and would therefore be capable of reaching its MLP once the ramp up hours to minimum loading point for the warm thermal state have elapsed. The IESO outlined the steps that market participants could take where this assumption was not accurate.

Post-Grid Isolation Treatment *(continued)*

The outlined steps attracted several questions and appeared to be a source of confusion. Furthermore, the IESO identified additional steps that would be required of market participants to manage instances when the resource would be returning in a cold thermal state.

In response, the IESO will revise its tools to assume that non-quick start resources will return from grid isolation in a cold thermal state. This will eliminate the need for market participants to make manual corrections in avoidance of infeasible pre-dispatch operational commitments. Market participants will be able to revise daily dispatch data to avoid lost opportunities.

Bid Price Threshold

AMPCO expressed concern about the obligation of capacity market participants with an hourly demand response resource or a capacity dispatchable load resource to offer into the day-ahead market at or above \$100/MWh.

This threshold was chosen to prevent capacity market participants with an hourly demand response resource or a capacity dispatchable resource from bidding at low prices during coincident peak days for the purpose of receiving availability payments while avoiding consuming energy during Industrial Conservation Initiative (ICI) peaks.

Bid Price Threshold *(continued)*

AMPCO stated that the \$100/MWh price threshold exposes price responsive loads to financial risk and is unnecessary. It proposed that the obligation to bid at or above \$100/MWh should apply only in the real-time market and not in the day-ahead market.

The IESO recognizes these concerns and will adopt AMPCO's proposed change to the bid price threshold obligation.

Bid Price Threshold *(continued)*

Under the revised approach, a capacity market participant with an hourly demand response resource or a capacity dispatchable load resource need only bid at or above \$100/MWh in the real-time market.

These market participants may establish an availability declaration envelope in the day-ahead market with any price less than the maximum market clearing price and equal to or greater than the minimum market clearing price, including a price below \$100/MWh.

Economic Operating Point

OPG expressed concern that market participants would not be able to calculate economic operating points (EOPs) themselves and would not be able to independently validate the IESO's calculations.

The IESO's response to stakeholder feedback will provide a detailed explanation as to how market participants may calculate EOPs.

Summary of Changes

Key changes to the MSO batch following stakeholder feedback:

- Amendments to the revision restriction rules to permit market participants greater flexibility to revise daily dispatch data parameters on the dispatch day;
- Tool changes to avoid infeasible commitments when returning from grid isolation; and
- Removing the obligation for capacity market participants with HDR resources or capacity dispatchable load resources to offer into DAM at or above \$100/MWh.

3rd Party Dispatch Scheduling & Optimization Review

The IESO competitively procured services for an independent review of three new calculation engines being introduced by MRP (day-ahead, pre-dispatch, and real-time) to ensure that the associated mathematical formulations comply with the design codified in the Market Rules.

The results of the review will be shared with the Technical Panel for the April 9 meeting.

Next Steps for Stakeholder Consultation on MSO Batch

- March 13, 2024: IESO posts responses to all stakeholder comments and updated draft rules with summary of changes.
- April 9, 2024: IESO presents the MSO batch materials to the Technical Panel for the vote to post.

Thank You

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