



June 20, 2018

Attention: IESO Stakeholder Engagement

**Subject: Comments to Market Renewal – Intertie Congestion Pricing**

First of all, ADG Group Inc. (ADG) appreciates the opportunity given by Independent Electricity System Operator (“IESO”) to comment on the Single Schedule Market (“SSM”) initiative as part of the upcoming Market Renewal.

On the Market Renewal – Intertie Trading presentation dated May 24<sup>th</sup>, 2018, ADG would like to seek clarification from IESO as to how the intertie settlement price will be affected if the congestion is caused by an external event outside of market participants’ control? Event such as unplanned intertie de-rate during real time. ADG’s concern is even though market participants bid/offer to reflect the expected marginal cost as intended by IESO, participants maybe penalized and settled unfavourably by the proposed Intertie Congestion Pricing methodology if an external event takes place thus changing the non-congested intertie to a congested intertie during real time.

Also in the Intertie Examples provided, under the proposed congestion pricing settlement, unexpected real time congestion can be hedged via the purchase of FTR as shown. Thus it would be helpful for IESO to factor in the cost of FTR thus offering a better cost comparison to market participants between the current intertie settlement design vs the proposed design. In theory the proposed intertie congestion pricing settlement can add an additional layer of cost to participants thus contradicting IESO’s objective of minimizing the overall cost.

If IESO can offer additional clarity to the aforementioned issues in the upcoming Market Renewal sessions, that would be appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "David Cai", written over a light grey rectangular background.

David Cai  
Managing Partner