

Date: 13 August 2018
To: IESO Market Renewal Stakeholder Engagement
Cc:
From: David Martin
Re: July 2018 Meetings: SSM/DAM/ERUC

1. In the July meetings, a third option (Option 3) for Intertie Congestion Pricing (ICP) was presented to stakeholders for consideration. Nalcor Energy Marketing (NEM) has the following input about this alternative:
 - We believe that the proposed change in methodology as regards export congestion (Option 3) will:
 - o Allow intertie traders to export energy from Ontario in real-time without the added discriminatory downside risk that existed in Option 2 (see Nalcor feedback about Option 2 dated 19 January 2018);
 - o Result in more real-time trading/liquidity on the interties;
 - o Assist the IESO in managing generation and load: If there is a disincentive for intertie traders to execute real-time export transactions—as there is in Option 2—then this will lead to less exporting on the interties, and the IESO will therefore have less operational flexibility with respect to internal generators. This can result in an uneconomic dispatch decision, such as the IESO being forced to shut down a nuclear generator in the off-peak period and then having to meet load with a more expensive thermal generator in the subsequent on-peak period. Option 3 will result in more exporting on the interties, and this will provide the IESO with i) more flexibility in managing internal generators and ii) more ability to economically dispatch units. Overall, this will provide more value to ratepayers.
 - With respect to import congestion, Option 3 is the same as Option 2, and NEM believes that this will discourage intertie trading on the import side due to the lack of upside potential for intertie traders when the intertie is import congested.
 - NEM believes Option 3 makes more sense and is less discriminatory than Option 2.

2. NEM supports the preliminary decision to execute the DAM between ~ 10:00 and 13:30 EPT. This option is generally aligned with gas nomination deadlines and market deadlines for neighbouring jurisdictions/RTOs.

Thank you for the opportunity to submit feedback.

David Martin
Nalcor Energy Marketing
davidmartin@nalcorenergy.com
c. (709) 699-7352 w. (709) 733-2911