

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto ON M4P 1E4
Telephone: 416-481-1967
Facsimile: 416-440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
2300, rue Yonge
27^e étage
Toronto ON M4P 1E4
Téléphone: 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



Market Surveillance Panel

Comité de surveillance du marché

May 6, 2016

VIA E-MAIL

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON
M5H 1T1

Attention: Stakeholder Engagement

Re: Market Renewal Stakeholder Engagement

The Market Surveillance Panel ("Panel") welcomes the opportunity to comment on the IESO's stakeholder engagement plans for the Market Renewal initiative. The Panel is supportive of this initiative and intends to actively participate in it.

The Panel's monitoring reports have regularly documented inefficiencies and opportunities for gaming that are associated with the current market design. The Panel believes that market reforms such as the establishment of locational based pricing, the implementation of a day-ahead market, more efficient real-time unit commitment and more frequent intertie scheduling, all of which are common features of modern electricity markets, would go a long way towards eliminating or at least significantly mitigating these concerns.

The Panel endorses the IESO's stated stakeholder engagement principle of encouraging "effective representation of the public in each engagement, especially those groups that have a tendency to remain silent or are reluctant to engage".¹ In the Panel's view, the scope and potential impact of the Market Renewal initiative is such that the full spectrum of interests should be represented, including those of consumers who ultimately bear the cost of market design deficiencies. The Panel encourages the IESO to structure its approach to this initiative in a way that promotes and facilitates such broad participation.

The Panel concurs with the IESO's observation that Ontario can learn from the experience of organized markets in neighbouring jurisdictions. Unless there are

¹ See the IESO's Stakeholder Engagement Principles, available online at:
<http://www.ieso.ca/Documents/consult/IESO-Engagement-Principles.pdf>.

compelling reasons to do otherwise, there are substantial advantages associated with aligning Ontario's market with those of Ontario's neighbours.

The Panel also agrees with the IESO's observation that the proposed reforms are interrelated, self-reinforcing and substantial. The Panel suggests that this calls for an intensive, evidence-based examination of the optimum market structure for Ontario that considers, among other relevant factors, the Province's current and future asset mix, interconnections, evolving technology and contractual commitments.

The Panel understands the IESO's rationale for its proposed multi-year staged stakeholder engagement process. However, a more concentrated approach over a shorter period of time would: facilitate the identification of inter-dependencies or inter-relationships between different reform options and solutions; minimize the potential for later-stage solutions being unnecessarily constrained by earlier-stage decisions; enhance continuity; and maximize the likelihood of sustained and meaningful participation by a wide range of experts and stakeholders whose perspectives and insights need and deserve to be heard. A more accelerated timeframe would also allow for the more timely achievement of anticipated benefits. The Panel notes, in this regard, that the IESO has deferred further consideration of a number of the Panel's recommendations pending the Market Reform initiative.²

Thank you for your consideration.

Yours truly,



Glenn Leslie
Chair, Market Surveillance Panel

² See the IESO's last annual update to the Ontario Energy Board on the status of actions taken to address Panel recommendations, available online at:
[http://www.ieso.ca/Documents/consult/2015 Annual OEB Update Document.pdf](http://www.ieso.ca/Documents/consult/2015%20Annual%20OEB%20Update%20Document.pdf).