

May 6, 2016
Independent Electricity System Operator
Stakeholder Engagement

Comments on the Market Renewal Stakeholder Engagement Work Plan

OPG appreciates the opportunity to submit the following comments on the material presented at the initial Market Renewal Stakeholder Engagement Meeting.

Work Plan

The development of a Work Plan to integrate a series of projects to meet a long-term market renewal goal is an excellent idea. This allows projects to progress with different schedules and priorities but ensures each project is linked within a framework that highlights inter-related components and key decisions.

The projects proposed are important areas for market renewal. Although these are key elements, the IESO should consider incorporating all stakeholder engagement initiatives (including those currently in progress along with future ones) into the Work Plan not just the ones identified in the presentation. This would provide one road map for stakeholders to reference for all market development work. In order to incorporate new emerging issues, the Work Plan would need to be updated as required.

Cost – Benefit Analysis

In the meeting, the IESO indicated there needs to be a compelling business case to make changes to the market and this includes the preparation of a cost-benefit analysis at some point in the process. OPG is suggesting the IESO publishes any high level analysis already prepared, before the Work Plan is launched, for stakeholders to review, comment and become committed to the project. If not available, the completion of this task should be a priority prior to design development.

Knowing the high level costs will assist in the framing of options to be pursued and the amount of work undertaken. As an example, with any market redesign, there will be significant IT costs for new systems. The high cost for the software, training and implementation, not only for the IESO but for all market participants, can be an impediment to change. One option to minimize these costs would be to purchase an “off the shelf” tool, however this solution may impose a market design already utilized by another jurisdiction. If this is the preferred solution then the design for some areas is already predetermined.

Success Going Forward

In the past, market renewal initiatives have been pursued but never fully implemented for various reasons. In order to increase the likelihood of success for this initiative the IESO should consider an interactive working session with stakeholders to review “lessons learned” from previous market development initiatives which were not implemented and gain the electricity sector’s views on the perceived barriers to change and strategies to overcome these.

This session could also provide insight on whether a staged approach is preferable over the “big bang” approach. The former may not be cost effective for all parties if rework is required to integrate the projects into the final structure.

Engagement Going Forward

As this initiative requires significant effort, using the traditional stakeholder engagement process may not be efficient. For this large initiative it may be beneficial to create a small dedicated group to focus on the details with input from the broad stakeholder community at periodic intervals.

With this in mind, OPG is proposing the establishment of a Working Group to assist in the design of the proposed market renewal initiatives and the associated analysis. The Working Group would have the mandate to collaboratively develop market design solutions; address issues; review economic and financial impacts; and propose implementation plans. Representatives would be expected to make a time and resource commitment and be actively engaged.

The Working Group would not work in isolation and would be required to report to and receive feedback from stakeholders through the traditional Market Renewal Stakeholder Engagement process. This approach ensures open and transparent communication and involvement by all interested parties.

Providing information sessions on market design in other jurisdictions is a good mechanism to educate stakeholders and build a common knowledge base amongst all. Stakeholders would gain appreciation of advancements in other markets. These sessions should be open to anyone who would like to attend.

Regards,

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