

IESO Engagement

From: Peter Inman
Sent: March 23, 2017 12:10 AM
To: IESO Engagement
Subject: Market Renewal - Draft Benefits Case Comments/Feedback

Thank you for the opportunity to provide comments and feedback on the draft report.

One of the objectives of Market Renewal should be to simplify processes, eliminate activities that provide little or no value, and promote strategies that reduce cost and promote efficiency.

A day-ahead market under Market Renewal is expected to provide significant savings. The report states that a barrier to this is that "most market participants are not able to obtain a financially-binding day ahead schedule" (Page 2 last paragraph). What is meant by this and why does this need to be a financially binding transaction? If this barrier can be overcome, then what further savings might be able to be achieved through week ahead scheduling for power generation resources? This would minimize UBG, simplify production scheduling, (reduce start up costs, facilitate fuel procurement), and provide the ability to optimize pumped storage, peaking hydro, and DR resources to minimize overall cost.

Page 23 of the report states "Transparent prices that accurately reflect the marginal costs of the power system are critical to competitive outcomes and market efficiency in both the short and long terms." (Page 23). How are marginal costs critical to outcomes, and where do actual costs of each participant weigh into the calculation of overall energy cost to consumers?

On Page 41 "...the system operator must curtail near zero marginal cost output from hydro, wind or solar resources." Please clarify - most wind and solar resources are paid a fixed \$/MWhr rate - why would they have near zero marginal cost to the power system?

It is suggested that Market Renewal include cost-neutral consumer pricing plans that incent off-peak and weekend energy use. These broadly applied Demand Side measures could mitigate congestion and optimize utilization of existing transmission infrastructure. Stable time of use rate plans will enable commercial and institutional consumers to make business decisions regarding Conservation Demand initiatives that lower their costs by reducing energy use and shifting energy use from higher priced peak rates to lower cost rates overnight and on weekends. Furthermore, technological advancements such as the smart grid, apps that coordinate the recharging of electric vehicles and other initiatives can provide additional resources to the IESO to manage operability of the system and reduce costs/compensate consumers for participating. What is the experience in other jurisdictions where this has been applied?

Respectfully submitted

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