

Market Renewal

June 24, 2016

Meeting Notes

Date held: June 24, 2016	Time held: 1:00 – 3:00 pm	Location held: Crowne Plaza, Toronto Airport
Company Name	Attended	Attendance Status (A)ttended; (R) Registered; (S)ubstitute; (TC) Teleconference; (P) Presenter
Registered to attend in person were:		
Brookfield Renewable Energy	St-Onge, Daniel	A
CanSIA	Weir, Ben	R
CanWEA	Giannetta, Brandy	A
Charles River & Associates	Rivard, Brian	A
Constant Power Inc.	Fuerth, Dillon	A
Customized Energy Solutions	Chintapalli, Raj	A
ENGIE	Hiltz, Bonnie	A
Goreway Power Station	Coulbeck, Rob	A
Goreway Power Station	Sutherland, Chris	A
Goreway Power Station	Coyle, Emma	A
Hydrogenics Corp.	Ibrahim, Ahmad	A
Ivaco Rolling Mills	Abdelnour, Francois	A
London Economics Intl LLC	Bruno, Juliana	R
London Economics Intl LLC	Chow, Ian	R
NextEra Energy Canada	Tuck, Jennifer	R
NextEra Energy Canada	Gilmour, Charles	A
Northland Power	Samant, Sushil	A
Northland Power	Khan, Shahid	A
Ontario Energy Board	Brown, David	A
Ontario Federation of Agriculture	Nokes, Ian	A
Ontario Power Generation	Wizniak, Lynn	A
Ontario Society of Professional Engineers (OSPE)	Acchione, Paul	A
Ontario Society of Professional Engineers (OSPE)	Busheri, Hezek	A
Power Advisory LLC	Chee-Aloy, Jason	R
Power Advisory LLC	Cumming, Alison	A
Rodan Energy Solutions Inc.	Shervill, Paul	A
TransCanada Energy Ltd.	Kuntz, Margaret	R
TransCanada Energy Ltd.	Mikkelsen, John	A
Workbench Corp.	Jayapalan, Jennifer	A
Workbench Corp.	Sears, Heather	A
WSP Group	Krause, Don	A
	Dorey, Steve	A

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Market Assessment	Huber, Devon	A
IESO	Agavriiloai, Ioan	A
IESO	Chapman, Tom	A
IESO	Drake, Gordon	A
IESO	Ellard, Barb	A
IESO	Goyal, Reena	A
IESO	King, Ryan	A
IESO	Kula, Leonard	A
IESO	Leckey, Jane	A
IESO	Matsugu, Darren	A
IESO	Nusbaum, Stephen	A
Registered to participate via teleconferencing		
Brookfield Renewable Power Inc.	Wu, Julien	TC
EDF EN Canada Inc.	Thornton, David	TC
Emera Energy	MacDonald, Brad	TC
HQ Energy Marketing	Plante, Matthieu	TC
HQ Energy Marketing	Belanger, Frederic	TC
Manitoba Hydro	Wells, Dave	TC
NextEra Energy Canada	Applebaum, David	TC
Open Access Technology Intl	Wallace, Andrew	TC
RBC Capital Markets	Doolittle, Robin	TC
Resolute Forest Products	Degelman, Cara	TC
Shell Energy	Kerr, Paul	TC
Sussex Strategy Group	Simmons, Sarah	TC
TransAlta Corporation	Nguyen, Thanh	TC
Meeting Chair: Barbara Ellard, Director of Markets, IESO Facilitator: Ryan King, Market Relations, IESO Scribe: Mark Hartland, Markets, IESO		
Please report any corrections, additions or deletions to: engagement@ieso.ca		

All meeting material is available on the IESO web site at:

<http://www.ieso.ca/en/sector-participants/market-renewal/market-renewal-engagement>

1. Introduction – Ryan King

Ryan welcomed stakeholders gathered for the second Market Renewal meeting, outlining that the objective of the meeting was to ensure stakeholders understood how the Market Renewal Work Plan and Benefits Case are being developed and the structure for the engagement going forward.

2. Responses to feedback – Gordon Drake

After the initial Market Renewal meeting on April 19th the IESO asked for feedback on various elements of the engagement, including the proposed work plan, priorities and objectives, and how best to structure the engagement going forward. The IESO received valuable feedback from a wide range of stakeholders and have responded with some key points below:

- Amid concerns around supply and unforeseen contingencies, stakeholders have stressed that the IESO should not delay its work on a capacity auction. The Market Renewal work-plan emphasises that replacing the two-schedule system is fundamental for the Energy work-stream, however, a capacity auction is also an important tool in managing uncertainty and this work will continue.
- The IESO recognises the need to consider market participants implementation costs with any market design changes, and will engage with them throughout the process.
- Stakeholders highlighted that harmonising with the market designs of neighbouring jurisdictions could improve efficiency of trade across borders. This is an area the IESO will examine by looking at specific initiatives that could facilitate more efficient utilisation of the interties.
- To better understand the availability and market potential of competitive ancillary service markets, the IESO is issuing an RFI related to frequency developments. Depending on the outcome of the RFI, the IESO may include a competitive regulation market within the Market Renewal initiative.
- Taking environmental attributes into consideration, the IESO believes that trading between markets opens up for capacity related products and will examine this approach with trading capacity with our neighbours.

Q&A

Attendee question: Has the decision to move to LMP been made? Has the IESO considered how far in advance the market will be notified of this possible change?

IESO:

The IESO plans to explore the benefits and costs associated with a suite of Market Renewal projects including replacing the current two schedule system with locational pricing. Any decision to implement these projects is contingent on a compelling business case which is expected to be completed by Q1, 2017. To that end the IESO is in the process of developing a Benefits Case analysis taking stakeholder feedback into consideration.

3. Barbara Ellard – Updated work plan

In the previous meeting the IESO signalled that Operability is coming to the forefront and is one of the pillars of Market Renewal. Market Renewal as a whole consists of three core work-streams; Energy, Capacity, and Operability. The scope of the Operability work stream will be explored through a separate engagement but as solutions will be identified they will be coordinated and linked to Market Renewal to ensure a cohesive long-term view of market evolution. The IESO will carry the proposed work streams and the outlined initiatives forward into the Benefits Case.

Tom Chapman – Benefits Case

The IESO expects to spend the remainder of the summer working with third party consultants and engaging with stakeholders in order to gather feedback to develop a Benefits Case for Market Renewal. The goal is to complete the exercise by the end of the year and finalise the Benefits Case by Q1 2017.

The IESO proposes to take a layered approach to the assessment. In the first instance information on implementation will be used to develop a cost benefit analysis. This will be supplemented by collating past studies / analysis and undertaking interviews with key stakeholders in order to understand the broader benefits to Ontario. The IESO will then assess how different market designs will meet future Ontario market needs taking into account anticipated structural and technological changes.

As part of the project work plan the IESO will keep stakeholders updated on progress including reviews on the approach and methodology as well as initial assessment/findings later in the year and incorporate stakeholder feedback in the final report.

Q&A

IESO: It will work in parallel and the IESO expects that having a clearer picture on the future of Ontario's market structure will be a useful input to the broader LTEP process.

Attendee question: What kind of interviews will the consultants conduct?

IESO: They will reach out to all those who can provide information or comment on market renewal projects. For example, they will reach out to stakeholders in Ontario to provide their perspective on the costs and benefits of proposed changes, other ISO / RTO's on their experience with similar market changes and others such as market monitors or equipment vendors who may have valuable input to the assessment. Ideally the Benefits Case will utilise first-hand information wherever possible to deliver the most complete assessment.

Attendee question: What is the gain in dispatch in terms of operating the grid?

IESO: It's too early to say. The market renewal projects are expected to improve the efficiency of Ontario's electricity markets and the goal of the Benefits Case is to assess whether this is the case.

Attendee question: Why have we revisited the concept of LMP? What has changed since the last time?

IESO: We are far more aware of the extent of the inefficiencies associated with the 2 schedule system today. It is also generally accepted that the current two schedule system is a barrier to making important market improvement such as a day-ahead market.

Attendee question: What are the final costs for the loads? This should be an input to the benefits case as the attendee's perception is that LMP could increase costs by 20-30%.

IESO: This is an important question that will be included as part of the Benefits Case. Overall, we expect Market Renewal to lead to a more efficient market and lower costs. By working with stakeholders we believe that we can avoid unintended outcomes and deliver effective solutions that benefit the marketplace as whole.

4. Market Renewal Working Group – Ryan King

The IESO is proposing a Market Renewal working group to assist the IESO and stakeholders with insight, technical knowledge, and implementation of market renewal initiatives. As well as providing their perspective on issues related to Market Renewal, the working group will also be in a position to provide input on the costs, benefits, and scope of change that different market participants will face as a result of market changes.

Stakeholders interested in joining the working group should contact engagement@ieso.ca by July 8th.