

Market Renewal Stakeholder Engagement Meeting

April 12, 2017

Meeting Notes

Date held: April 12, 2017	Time held: 9:00 am – 12:00 pm	Location held: Crowne Plaza Toronto Airport
Company Name	Attended	Attendance Status (A)ttended; (R) Registered; (TC) Teleconference; (P) Presenter
Registered to attend in person were:		
Acciona Energy USA Global LLC	Labij, Christina	Webex
Aegent Energy Advisors Inc.	Mozayyan, Ronak	A
AMP Solar	Luukkonen, Paul	Webex
AMPCO	Anderson, Colin	A
Anwaatin Inc.	Sault, Larry	A
APPRO	Butters, David	A
Better Current	Eich, Chris	A
Brookfield Renewable	Wu, Julien	A
Bruce Power	Xu, Jennifer	Webex
Bruce Power	Dalzell, Pat	A
c/o AMPCO	Wright Hilbig, Rhonda	A
CanSIA	Weir, Ben	Webex
CanWEA	Giannetta, Brandy	Webex
Capital Power	Villiger, Kurtis	Webex
Capital Power	Yuan, Yining	Webex
Charles River & Associates	Bruno, Juliana	A
Constant Power Inc.	Game, Jonathan	Webex
Customized Energy Solutions	Tinkler, Mark	A
Emera Energy	Ferguson, David	Webex
Enbala Power Networks	Thompson, Jonathan	R
Enbridge Inc.	Jayaraman, Jay	A
Enbridge Inc.	Chagani, Abbas	Webex
EnerNOC, Inc.	Griffiths, Sarah	A
ENGIE	Hiltz, Bonnie	A
Gerdau Long Steel North America	Forsyth, Dave	A
Good Company Associates	King, Robert	R
Goreway Power Station	Sutherland, Chris	A
Great Circle Solar	Wharton, Karen	A
H2O Power LP	Somerville, Stephen	Webex
Hydro Quebec Energy Marketing	Belanger, Frederic	A
Ivaco Rolling Mills	Abdelnour, Francois	Webex
Manitoba Hydro	Wells, Dave	Webex
Market Surveillance Panel	Shalaby, Amir	Webex
Milton Hydro	Lasowski, Frank	Webex

Date held: April 12, 2017	Time held: 9:00 am – 12:00 pm	Location held: Crowne Plaza Toronto Airport
Company Name	Attended	Attendance Status (A)ttended; (R) Registered; (TC) Teleconference; (P) Presenter
Ministry of Energy	Macpherson, Robin	A
MSP	Hastings, Martin	A
NextEra Energy Canada	Tuck, Jennifer	Webex
Northland Power	Khan, Shahid	Webex
Ontario Energy Association	Hrab, Roy	A
Ontario Energy Association	Brescia, Vince	A
Ontario Energy Board	Brown, David	A
Ontario Power Generation	Wizniak, Lynn	A
Ontario Society of Professional Eng	Acchione, Paul	A
Ontario Waterpower Association	Norris, Paul	A
Open Access Technology Intl	Wallace, Andrew	Webex
Open Access Technology Intl	Ejebe, Gabriel	Webex
Open Access Technology Intl	Rahimi, Farrokh	Webex
OSEA	Althaus, Maike	A
Power Advisory LLC	Chee-Aloy, Jason	A
Power Advisory LLC	Cumming, Alison	A
Power Consumer	White, Adam	A
Powerful Solutions	Inman, Peter	A
RBC Capital Markets	Doolittle, Robin	Webex
Resolute Forest Products	Degelman, Cara	A
Rodan Energy Solutions Inc.	Goddard, Rick	Webex
Rodan Energy Solutions Inc.	Ingram, Rachel	A
S&P Global Platts	Watson, Markham	Webex
Shell Energy	Kerr, Paul	Webex
SL Golberg	Goldberg, Samuel	Webex
Suncor	Scott, Christopher	A
Sussex Strategy Group	Simmons, Sarah	A
Tetra Tech	Seidi, Sima	A
TransAlta Corporation	Nguyen, Thanh	A
TransCanada Energy Ltd.	Kuntz, Margaret	A
Virtual Power Plants Inc.	Rasmussen, Terry	A
Weston Foods (Canada) Inc.	Borden, Darren	A
Workbench Corp.	Jayapalan, Jennifer	A
Workbench Corp.	Sears, Heather	A
	Dorey, Steve	Webex
	Kiguel, David	Webex
IESO	Agavrioloai, Ioan	A
IESO	Chapman, Tom	A
IESO	Hartland, Mark	A
IESO	King, Ryan	A
IESO	Louw, Brennan	A

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

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

IESO responses are in *italics*

1. Introduction – (Ryan King, IESO)

Ryan King introduced the session.

Ryan reviewed the engagement framework for Market Renewal with an emphasis on how Market Renewal design will be stakeholder-driven. Each initiative (i.e. single-schedule) will be developed within different workstreams stakeholder under discrete engagements. The Roles of various groups including the MRWG, SAC, CEO Roundtable, TP and SEs was discussed along with the potential for one or more technical sub-committees.

2. Update on Market Renewal Working Group (Brennan Louw)

Brennan Louw provided an update on the MRWG activities, updated membership and role going forward.

Brennan provided an update on Market Renewal objectives and principles.

Stakeholder Question: Suggestion that under “transparency” it would be helpful to include “accessibility”. Information also needs to be readily available.

IESO agreed and indicated this could be incorporated.

3. Stakeholder Feedback and Benefits Case Update (Tom Chapman)

Tom Chapman reviewed stakeholder feedback on the Brattle Benefits case. The responses were discussed by key themes.

Stakeholder Question: A stakeholder asked whether the details in the stakeholder submissions would be discussed at the MRWG.

IESO responded they wouldn't rehash the submissions themselves but a number of these issues are relevant and will be discussed at the MRWG.

Stakeholder Comment: A stakeholder added their support to the statements on Governance.

Stakeholder Question: will stakeholder costs be included in the cost analysis on a go-forward basis?

This issue has been raised in past meetings and is something that will be considered as the design process progresses.

Stakeholder Question: The government is refinancing global adjustment on an accelerated basis. Why can't we accelerate Market Renewal instead to realize benefits sooner?

Policy-makers will continue operate on their own timetable and in response to their unique pressures and challenges. Market Renewal, however, still remains the right thing to do from an economic and operational perspective.

Stakeholder Question: On the broader social and environmental objectives, it is important to understand that if Market Renewal is not about this, then the discussion has to happen somewhere else but where? Market Renewal is just one approach to doing things (i.e. capacity auction v. centralized procurement).

Other markets deal with these issues as well. IESO doesn't expect Market Renewal to cover every need in the energy sector. For example a capital intensive build of nuclear won't be done via a capacity auction these decisions to build will be policy-driven.

Stakeholder Comment: There seem to be contradictions. On one hand, you're saying we've taken in Ontario's unique characteristics. On the other hand you're saying we are still scoping. It's a bit of a catch 22. When you are developing your energy and capacity forums, you need to work up front, very-closely, to align these. There's real risk in simply managing these projects. The definition phase will be critical.

Stakeholder Question: When the need arises for new supply in the system in the mid-2020's it is important to understand the investment decision timelines for generators. We are not far removed from needing to understand these details today in order to understand the investment implications based on the timing outlined in the schedule. What we hear is the capacity market will pay for existing supply but may not pay for new supply. We need to understand this today. If the vehicle for renewable procurement isn't via the Capacity Market then please tell us where they are?

Stakeholder Comment: Perhaps more importantly the Ministry thinks that renewable procurement WILL occur via the Capacity Market.

This is an issue for which further discussion is required. However, there also may be some confusion between Energy and Capacity. For the most part renewables provide energy, not capacity.

Stakeholder Question: New changes to ICI eligibility will create significant challenges to match dynamic demand on potential peak days. Is this being considered in Market Renewal?

IESO agrees it will be an important challenge for us to manage but is not specifically part of Market Renewal.

Stakeholder Comment: a key issue will be flexibility. We need to differentiate between dispatch and environmental. If there was no government intervention we'd all be on gas. That would be the only resource on the grid. We need Market Renewal to focus on flexibility and efficiency of dispatch. Treat the environmental separately. Paul – not sure how you can do this once you price in environmental externalities.

At the end of the day it is correct that our mandate is to schedule and dispatch the grid as efficiently as possible.

Stakeholder Question: is the Ministry of the Environment being involved too and briefed by IESO so they can comment on these initiatives?

IESO briefs the Energy Ministry regularly and they share information with other the ministries.

Stakeholder Comment: Contract implications are a HUGE issue. It will require the IESO's contract people to have a big change of mindset. Previous conversations about contract amendments have been one-sided. It's always been the IESO is right and the generators are wrong. If we are going to move forward on Market Renewal, this will be THE issue.

Stakeholder Question: we have carbon-free neighbours with a glut of supply, we also signed a glut of hydro and gas supply in 2013. How is all this going to be incorporated and reconciled going ahead. Will this be discussed in contracting?

This will likely not be part of contracting, but a large part of the benefits case is the improvement of our interties. We will try and make better use of our interties and we will look to monetize our capacity through the capacity auction (which will be technology neutral).

Stakeholder Comment: We would recommend that IESO have the contract management people in your working group discussions to ensure a consistency of messages. We want contract discussions up front. In previous iterations we always are told that contracts will be dealt with later.

We will bring this feedback back to the business unit.

Stakeholder Question: When will the IESO's Board of Directors get involved in decisions? We want to better understand when will the IESO *formally* declare they are moving forward so that we can make arrangements related to contracts and their counterparties?

At the next meeting we will give you an update on this, it will be built into the project plan.

Stakeholder Comment: With so much behind the meter, you won't know what's coming using historical models.

You have highlighted the challenge of an ever-changing marketplace. The trick is to get visibility and to allow participation at the more granular, small-scale level. The fast pace of change is something we will have to manage.

Stakeholder Question: Do the only votes happen at the Technical Panel? Are there votes anywhere else? How will the stakeholders know they are being heard and how will the IESO make decisions? This is a big stakeholdering issue. This is a governance issue. With the DAM 10 years ago there were 10 rules. Nine were approved by the TP and the 10th wasn't. This was the straw that broke the camel's back and 10 years later we still don't have a DAM.

Using the workstreams and the engagement framework discussed we will present decision-making milestones and identify those. We will come back to you with more detail.

Stakeholder Comment: I understand what you are tying here, but there appear to be a number of milestones that happen before trials. For example, manuals and registration will be in place before trials.

This is a fair comment which we will take back. It is important to keep in mind that this is a four year plan; we will unquestionably be making changes to it and may need to adjust certain milestones based on actual experience.

Stakeholder Comment: The problem we have is that until we have a difference governance framework we are working with the existing governance framework. We need to get this process right. Presumably we will have multiple amendments, not a single amendment. If we don't get the rules right there will be multiple appeals that will backlog the entire thing. This is a just a cautionary note, not something that requires feedback.

We agree on the importance of managing this with all stakeholders. We have had an initial meeting with the OEB and our Regulatory Affairs people understand this. The OEB also understand that this will not be the normal process. There will be lots of rule changes.

Stakeholder Comment: Market Renewal is like an investment decision for developers. 'Should I get involved?' You start with what are the deal-breakers? If there is no way to resolve the deal-breakers then we won't move forward. You need to acknowledge these up front before you get started because this initiative is very expensive. Stakeholdering in the past has usually tried to push these issues off for a later date whereas for us, it's an upfront requirement.

We take note of this issue. We understand today that some gaps remain. We'll take that back follow-up with more detail. Some of this will become clearer as we begin the design phase in earnest.

Stakeholder Comment: I'm concerned by the timelines. Why is this taking three to four years? Is there any chance to fast-track. I'm concerned about "Parkinson's Law", i.e. that work fills the time allotted to it. 3-4 years seems too long from high level design to implementation.

There are different perspectives on timelines. Brattle's feedback indicates these are sizeable projects that take a lot of time. Some of the solutions are off-the-shelf and don't take long conceptually but it's got to work in the Ontario context and we need to get people on board. This part is the harder, more time-consuming part. Some elements such as designing the DSO are probably less consuming.

Stakeholder Comment: For those of us who were here at market opening, we took a lot of shortcuts. We are dealing with this right now. The IESO should take the time to get it right. At market opening, stakeholders were unsophisticated. Now they are very sophisticated. You need to bring them along.

Agreed.

Stakeholder Question: Which consultants have you retained?

Brattle and FTI. There is also an RFP out there for DAM and enhanced real-time unit commitment but a decision hasn't been made.

Stakeholder Comment: Just a reminder of the integration between the natural gas sector and the natural gas generators and that everything aligns up on a regulatory basis.

Agreed. Brattle touched upon that in the Benefits case and it will be an ongoing issue of discussion.

4. Stakeholdering the Design Phase (Ryan King)

Ryan King discussed the schedule and the staggered approach to introducing design elements.

Stakeholder Question: Will the IESO provide a listing of the design elements and the timing of these? This will allow stakeholders to plan in advance and to provide input.

We plan to provide a detailed schedule on a two-month looking forward basis with a more notional schedule beyond that.

Ryan King closed the meeting noting the Benefits Case would be released shortly along with materials for the launch of SSM and ICA engagements respectively.

Meeting adjourned.