MRP Energy Detailed Design Document: OFFERS, BIDS AND DATA INPUTS

Stakeholder Feedback Form

Date Submitted:	July 31, 2020
Feedback Due:	July 24, 2020
Feedback Provided by:	
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The IESO is posting a series of detailed design documents which together comprise the detailed design of the MRP energy stream.

This design document is posted to the following engagement webpage: http://ieso.ca/en/Market-Renewal/Energy-Stream- Designs/Detailed-Design

Stakeholder feedback for this design document is due on **July 24, 2020** to engagement@ieso.ca.

Please let us know if you have any questions. IESO Engagement.

*The original due date for feedback was July 31, 2020 and IESO officials have agreed o accept submissions up to and including this date

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General feedback on the Detailed Design Document (please expand any section as required)

Introduction

Ontario's local distribution companies (LDCs) are the face of the industry to the overwhelming majority of the end users in the province: they serve over 5,000,000 customers and deliver approximately 125 TWh – or about 90% - of all the electricity used in the province.

These are the comments of the Electricity Distributors Association (EDA) on the Independent Electricity System Operator's (IESO) Detailed Design for Energy – Market Renewal Program (MRP). Our focus is on matters directly relevant to local distribution companies (LDCs), that are assigned non-dispatchable load (NDL) status. We offer the perspective of both LDCs and LDC-connected customers. Our objectives are to provide constructive comments that will support the transition from Detailed Design to Implementation and to identify improvements to the Detailed Design. These comments build on our comments made during the High-Level Design phase.

Generally, we agree with the objectives of the MRP, being to improve economic efficiency, transparency and competitiveness of Ontario's wholesale electricity market that, in combination, are expected to lower electricity costs for consumers. In addition to identifying the required amendments to IESO Market Rules and Market Manuals, we advocate that the IESO, the Ontario Energy Board (OEB), and the Ministry of Energy, Northern Development and Mines (MENDM) proactively engage with LDCs and their customers to identify, scope, evaluate and decide on:

- enabling legislative amendments; and
- amendments to regulatory policy (e.g., the mechanics of the Regulated Price Plan (RPP), the price that LDC embedded generators are to be paid) and regulatory instruments (e.g., OEB codes including the Distribution System Code (DSC), Retail Settlement Code (RSC), Standard Supply Service Code (SSSC))

that will, in concert, support LDCs as they move forward with implementation of MRP. We also urge the IESO, the OEB and MENDM to appropriately sequence these changes. Given the timeframe of proposed implementation and complexity of the changes, there are natural advantages of convening stakeholder consultations at the earliest opportunity.

The general theme of this submission is that the IESO should clarify and provide additional specificity. To support our submission, the EDA has commented on specific sections of the Detailed Design.

Design Document: Section	Detailed Comments (Areas of Support or Concern)
1. Introduction	No comment.
2. Summary of Current and Future State	We find that this section provides suitable overviews of both: • the current operation and integration of data inputs of the wholesale market, between the day-ahead, dispatch day and dispatch hour; and • the proposed changes resulting primarily from the adoption of a day-ahead market (DAM) and locational marginal prices (LMPs) in the renewed market. We propose that the participant descriptions provided in this section be updated to reflect the proposed changes identified by the Energy Storage Design Project (ESDP) interim design. Specifically, the descriptions should include the proposed "electricity storage participant" that will be a registered market participant authorized to submit dispatch data (if dispatchable) or schedules (if self-scheduling).
3. Detailed Functional Design	Overall comments We urge the IESO to provide more details on different aspects of forecasting including methodology, processes, and risk mitigation. We note that the IESO's forecasting processes and methodology will directly impact the accuracy of prices, quality of price signals and overall costs to consumers (e.g., more generation scheduled, increased curtailment of contracted variable generators, more flexibility services procured, etc.); in a scenario where the IESO over-forecasts loads, it consequently secures higher cost excess energy and ancillary services where these higher costs are ultimately paid by customers. This is not a new concern; previously, the OEB's Market Surveillance Panel has addressed the IESO's forecasting, with emphasis on the impacts of forecast error and the IESO's forecast adjustments on prices. The implementation of LMPs heightens the need for

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	accuracy since LMPs will be used as inputs to locational-specific investments by customers, utilities, and other parties in generation, consumption, or other grid investments. Our comments on this section focus exclusively on non-dispatchable loads (NDL) because Ontario's LDCs are registered as NDLs. NDLs will not be obligated to participate in the DAM, pre-dispatch (PD) or real-time market (RTM) processes and the IESO will continue to forecast its demand. *3.5.4 Network Model* Pricing Locations: We recommend that the IESO clarify that NDLs will be priced based on the DAM Ontario zonal price plus the Load Forecast Deviation Charge (LFDC) and that the generalized statement "LMPs will replace the uniform price and be used for settlement purposes" be deleted. While the IESO provides a list of "pricing location definitions that will need to be maintained or expanded as part of the Network Model Build Process", we recommend that the IESO specify the new information requirements. Load Distribution Factors (LDFs): We consider that the IESO's discussion of LDFs requires additional detail and specificity such as: • a detailed explanation of the methodology to calculate LDFs and of the IESO's procedures to ensure the accuracy of the information used in the DAM, PD and RT calculation engines. We note that the DAM Quantity of Scheduled for Withdrawal (DAM_QSW) is determined by the DAM calculation engine and that the DAM_QSW is a key factor in determining the LFDC. • specifying that LDFs are determined for each NDL in the network model, and that dispatch

Design Document: Section	Detailed Comments (Areas of Support or Concern)
	data from dispatchable loads will be used in the network model rather than stating that "LDFs are a set of values that define what percentage of the demand forecast should be assigned to each load facility in the network model." • specifying which demand forecast will be used to produce the LDFs and to ensure that references to (1) demand forecast areas, (2) total demand forecasts, and (3) NDL demand forecasts are applied consistently between sections 3.5.4 and 3.5.6. Additional specificity will augment and clarify the IESO's high-level description that LDFs will be "based on load patterns" from the same day of the previous week, current and last dispatch hour, as applicable, for the DAM, pre-dispatch (PD) and real-time (RT) calculation engines. 3.5.6 Demand Forecasts We consider that the IESO's proposed production of NDL demand forecasts and its high- level descriptions of the new processes that it will implement to produce demand forecasts (e.g., for the four demand forecast areas that will combine to create the province-wide demand forecast) both require further detail. Demand Forecast Areas: We consider that this section lacks sufficient detail to adequately explain the demand forecasting method used for each demand forecast area and the process for automatically adjusting each demand forecast (e.g., for transmission line losses, dispatch data from other loads). We also consider that the IESO should clarify whether it will forecast NDL demand levels for each demand forecast area or on a province-wide basis. Total Demand Forecast Inputs:

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	We consider that the IESO should address ways to increase its forecast accuracy for the deployment of DERs, whether they result in more stable or more volatile load levels. We acknowledge that Ontario already has a significant amount of embedded generation and energy storage connected, but not registered with the IESO and that DERs will continue to be deployed in increasing number and range of sizes (e.g., electric vehicles, storage devices). Whether the IESO over- or under-forecasts NDL demand, including the effects of DERs, risks skewing the market prices for load/supply. NDL Demand Forecasts: We consider that this section will benefit from additional specificity and detail. For example, the IESO could describe: • the outputs that would be associated with each variable used by its DAM calculation engine (e.g., hourly average NDL demand forecast, peak NDL demand forecast for each demand forecast area), and • its methodology for determining the hourly peak NDL demand forecast by area.
4. Market Rule Requirements	No comment.
5. Procedural Requirements	No comment.
6. Business Process and Information Flow Overview	No comment.