

Market Renewal – Energy Work Stream

Engagement Plan

January 11, 2019

I. Introduction

This engagement plan outlines the approach for interacting with stakeholders on both the Detailed Design (DD) and draft market rules for the Energy stream within the Market Renewal Project (MRP).

The Energy stream of MRP is comprised of three distinct initiatives: Single Schedule Market (SSM), Day-Ahead Market (DAM) and Enhanced Real-Time Unit Commitment (ERUC). In order to maintain an effective engagement process with stakeholders as the work transitions from the three High Level Design (HLD) documents to the DD, the IESO is pivoting from engaging on these three initiatives separately to engaging on the entire Energy work stream together. For this phase, the IESO will be establishing design forums that will group common design elements for discussion in order to best utilize stakeholder time and participation.

II. MRP Initiative at a Glance

For stakeholders to effectively participate in the DD development and review of draft market rules of the Energy stream, it is important to understand the basic elements of MRP, and the Energy stream specifically.

At its core, Market Renewal is about improving the way electricity is priced, scheduled and procured in order to meet Ontario's current and future energy needs reliably, transparently, efficiently and at lowest cost. When initially launched, MRP established two main work streams (Energy and Capacity), with four distinct projects that will enable the province to more efficiently meet demand over the near and longer terms:

Energy stream

- Reducing the cost of scheduling and dispatching resources to meet demand as it changes from hour-to-hour and minute-to-minute through a [Single Schedule Market](#) and an [Enhanced Real-Time Unit Commitment](#) mechanism.
- Introducing a [Day-Ahead Market](#) to provide greater certainty to market participants and reduce price volatility for consumers.

Capacity stream

- Improving the way Ontario acquires the resources to meet longer-term supply needs by implementing an [Incremental Capacity Auction that will better leverage competition to reduce the cost of meeting Ontario's capacity needs](#). (A separate Capacity Engagement Plan to be launched in spring 2019)

III. Stakeholders

The IESO encourages all stakeholders in Ontario’s electricity sector, or their representatives, with an interest in this initiative to participate in this engagement. This initiative will involve the fundamental redesign of the Ontario electricity market and will therefore be of interest to all IESO market participants, including: suppliers (generators, DR, storage, etc.), consumers, distributors, traders and other suppliers (e.g. demand response aggregators, storage resources) as well as related stakeholders and communities.

For market participants and stakeholders who have not previously been involved in MRP engagement activities, Section IV lists education and awareness opportunities.

Section VI lists components of the engagement that is intended to target market participants and stakeholders who have specific technical expertise in certain areas. The participation in these design forums is open to all interested stakeholders; however, a strong competency in those areas is encouraged to be able to directly contribute relevant feedback.

IV. Building Education and Awareness

In addition to the stakeholders who have already been actively participating in the engagement initiatives to develop the Energy HLDs, the IESO remains committed to broadening the outreach and involvement to a broader set of stakeholders and communities through the DD engagement.

To help facilitate this broader outreach, education and awareness building is available for those stakeholders not currently involved in this process. To support that learning, the IESO is hosting a series of “Education and Awareness” sessions to increase the level of understanding on these initiatives and help prepare stakeholders for their involvement in MRP engagements.

These sessions are intended to serve as an introduction on how resources will be impacted after the Energy stream of Market Renewal has been implemented. Current or prospective market participants, their agents and interested stakeholders are encouraged to participate.

MRP Energy | Education and Awareness Sessions:

Date	Session Description
November 20, 2018 (pm)	Education and Awareness Session #1 Consumers & LDCs <i>(facilities who draw power from the grid and/or distribute to others)</i>
December 3, 2018 (am)	Education and Awareness Session #2 Non-Quick Start Generators <i>(facilities who require longer ramp times to generate electricity)</i>

Date	Session Description
December 3, 2018 (pm)	Education and Awareness Session #3 Variable Generators <i>(facilities such as wind and solar)</i>
December 10, 2018 (am)	Education and Awareness Session #4 Hydro Generators <i>(facilities who use hydroelectric technology to generate)</i>
December 10, 2018 (pm)	Education and Awareness Session #5 Intertie Traders <i>(exporters/importers, financial markets)</i>
December 11, 2018 (pm)	Education and Awareness Session #6 General Audience <i>(technologies not named above or if a session was missed)</i>

For stakeholders interested in participating in these sessions, or if you have questions on other MRP educational sessions in the future, please contact IESO Engagement at engagement@ieso.ca. Presentations from these sessions will be posted to the [Additional Market Renewal Resources page](#).

Additional Education and Resources

Stakeholders are invited to familiarize themselves with the following resources to help build an even stronger understanding of the various MRP initiatives.

MRP Energy initiatives:

- [Draft SSM High Level Design](#) (Now available)
 - [HLD Engagement webpage, SSM](#)
- Draft DAM High Level Design (released by Dec 31/18)
 - [HLD Engagement webpage, DAM](#)
- Draft ERUC High Level Design (released by Dec 31/18)
 - [HLD Engagement webpage, ERUC](#)

General MRP Information:

- [Market Renewal Overview](#) (e.g. MRP benefits case report)
- [Additional Market Renewal Resources](#) (e.g. SSM/DAM/ERUC fact sheets and pre-recorded MRP overview sessions)

V. Engagement Objectives

Stakeholder participation in this engagement is important to ensure we take different perspectives into account to arrive at a robust design. The goal of this engagement will be to develop and document final detailed design decisions and to review the draft market rule amendments and draft market manuals resulting from this design.

To support the goals of this phase of the project, below are the key objectives of the engagement:

- Obtain stakeholder feedback to inform detailed design decisions and the associated market rules/market manuals, and
- Keep stakeholders informed of the progress of the Energy initiative and its interaction with the broader MRP.

VI. Approach

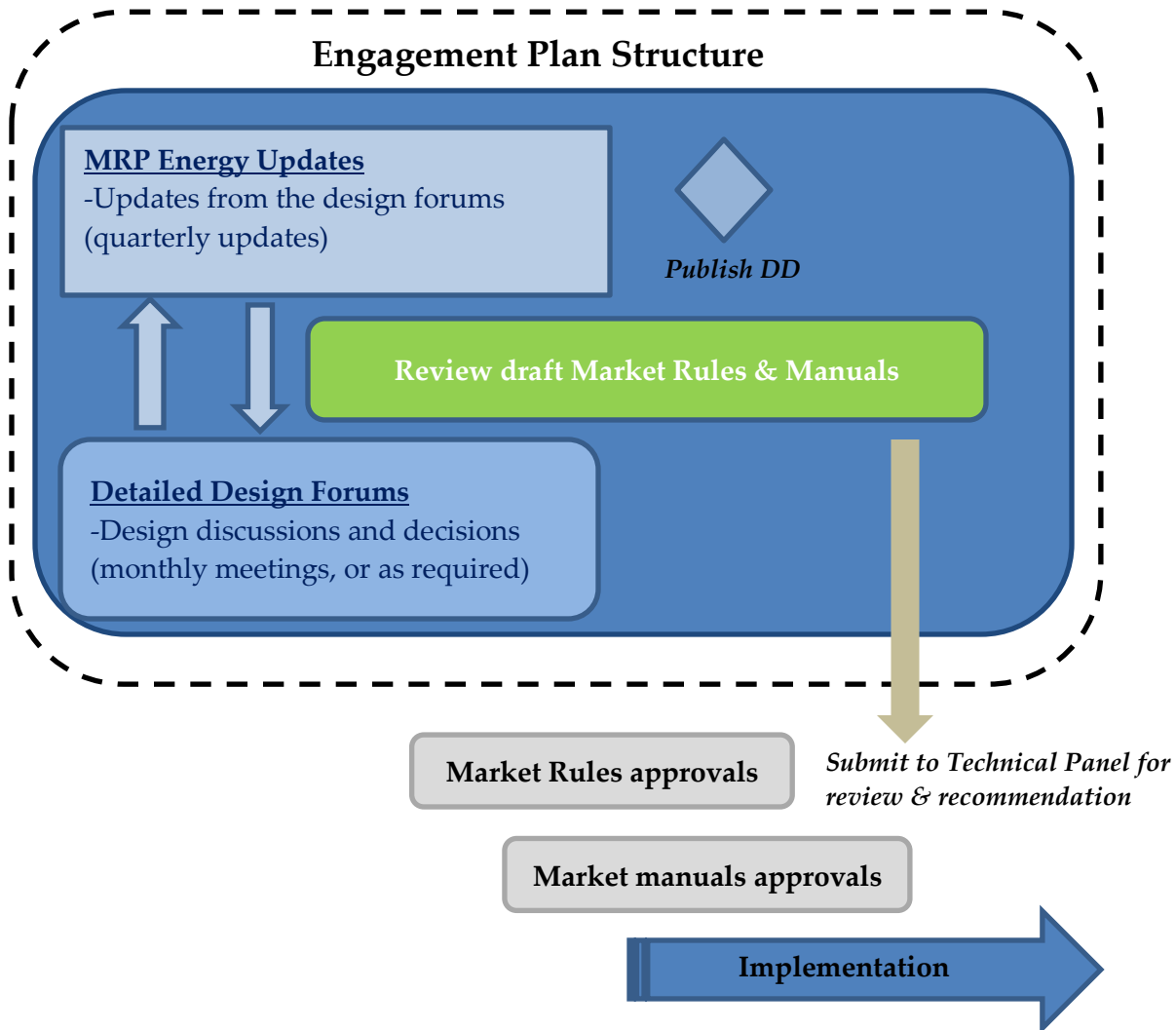
This engagement plan is conducted in accordance with the IESO's [engagement principles](#).

The MRP Energy DD engagement allows for a diverse group of stakeholders to select the appropriate level of participation that meets their needs. The opportunities include either participating in higher level updates and/or in specific detailed design forums. Stakeholders can participate in the **MRP Energy Updates** or consider participating in the focused **Design Forums** that will require specific technical expertise.

Within the MRP Energy Updates, stakeholders will participate in a review of draft market rules as they are available. This review will be informative for when the proposed draft market rules are in a position to present to the IESO's Technical Panel prior to implementation. The actual approvals of market rules will continue to take place as they do today, outside of this engagement through the Technical Panel process.

The Detailed Design Forums allow stakeholders to support the IESO with decision making that is required in the detailed design phase of the MRP Energy work and will be encouraged to provide feedback on various categories within specific design forums outlined further below.

The following graphic outlines the interplay between detailed design development and draft market rules review:



MRP – Energy Updates

The MRP Energy Updates stream is an opportunity for the IESO to provide stakeholders with touchpoints on the status of the design forum discussions for those who may not be participating at that more detailed level. Stakeholders who have feedback on the actual decisions themselves, or the specifics of any of the design forum categories, will be directed to the Detailed Design Forums.

The Energy Updates will not revisit the decisions that will take place in the Detailed Design Forums; rather, the purpose of these quarterly updates will look at the energy stream from a higher level, with the following areas of scope:

1. Inform stakeholders as to what will be discussed in the various design forums, and the types of expertise that will be most helpful in those discussions.
2. Address any issues or seams emerging from the design forum discussions.
3. Review draft market rule amendments and draft market manuals (this will not include a mechanism to approve these documents; although provide an opportunity to review in an effort to support the formal approvals phase which occurs outside of this engagement through Technical Panel consideration and recommendation to the IESO Board of Directors).

MRP – Detailed Design Forums

The Detailed Design Forums are intended to facilitate focused discussions with stakeholders who have technical expertise in specific subject areas to support the development of a detailed design for the Energy stream. These forums will be open to stakeholders who have subject matter expertise in the identified areas.

Below is a table that identifies the Detailed Design Forums, a brief description of each forum and the categories that will be discussed with stakeholders during the engagement process.

Design Forum Title	Design Forum Description	Design Forum Categories
Market Participation	Develop the resource models, zonal demand forecasts and corresponding registration requirements to support scheduling and dispatch decisions in DAM, pre-dispatch and real-time. Determine network modelling changes required to maintain secure operation of the IESO controlled grid.	<ul style="list-style-type: none"> • Prudential Security • Authorization and Registration • Resource Models, Bids and Offers • Zonal Demand Forecasts • Network Model • Network Security Analysis
Settlements	Determine appropriate calculation of payments and charges for market participants. Address requirements for meter data management. Determine information required to facilitate market billing and funds administration.	<ul style="list-style-type: none"> • Settlement Inputs • Settlement Charge Types • Supported Processes • Settlement Reports • Notice of Disagreement and Dispute • Revenue Metering • Billing and Funds Administration

Design Forum Title	Design Forum Description	Design Forum Categories
Price Formation	Specify how energy and ancillary market prices will be determined across all timeframes.	<ul style="list-style-type: none"> • Violation and Control Action Pricing • Load Pricing • Administrative Pricing • Price Calculation
Market Power Mitigation	Create the framework for the mitigation of market power in both the energy and ancillary markets across all timeframes.	<ul style="list-style-type: none"> • Structure of the Market Power Mitigation Framework • Energy Market - Economic Withholding • Energy Market - Physical Withholding • Energy Market – Other Mitigation topics
Scheduling and Dispatch	Develop transactional processes and procedures within and across the day-ahead, pre-dispatch and real-time timeframes. Create detailed formulations of the calculation engine to determine prices and schedules. Develop public and private reporting requirements.	<ul style="list-style-type: none"> • Internal Resources • Boundary Entities • Grid Security & Adequacy • Optimization Engine • Market Remediation • Publishing & Reporting

VII. Engagement Timeline

Date	Engagement Opportunity	Activity
Q4 2018	Energy stakeholder engagement	Begin education sessions and establishing expectations with stakeholders for the MRP Energy Updates
Q2 2019	Energy Design Forums	Begin stakeholder engagement on the design forums
<i>2020 Post Detail Design</i>	<i>Market Rules / Manuals development</i>	<i>Technical Panel review of detailed design market rule amendments informed by stakeholders and captured in the detailed design document</i>

The engagement approach outlined in this document will continue to be open and flexible to incorporate any modifications that may be required if different needs emerge throughout the course of engagement with stakeholders.

Comments and questions on this engagement can be directed to engagement@ieso.ca