

Market Renewal Program Update

Stakeholder Engagement Framework Day

May 21, 2020

Recent Events – COVID-19

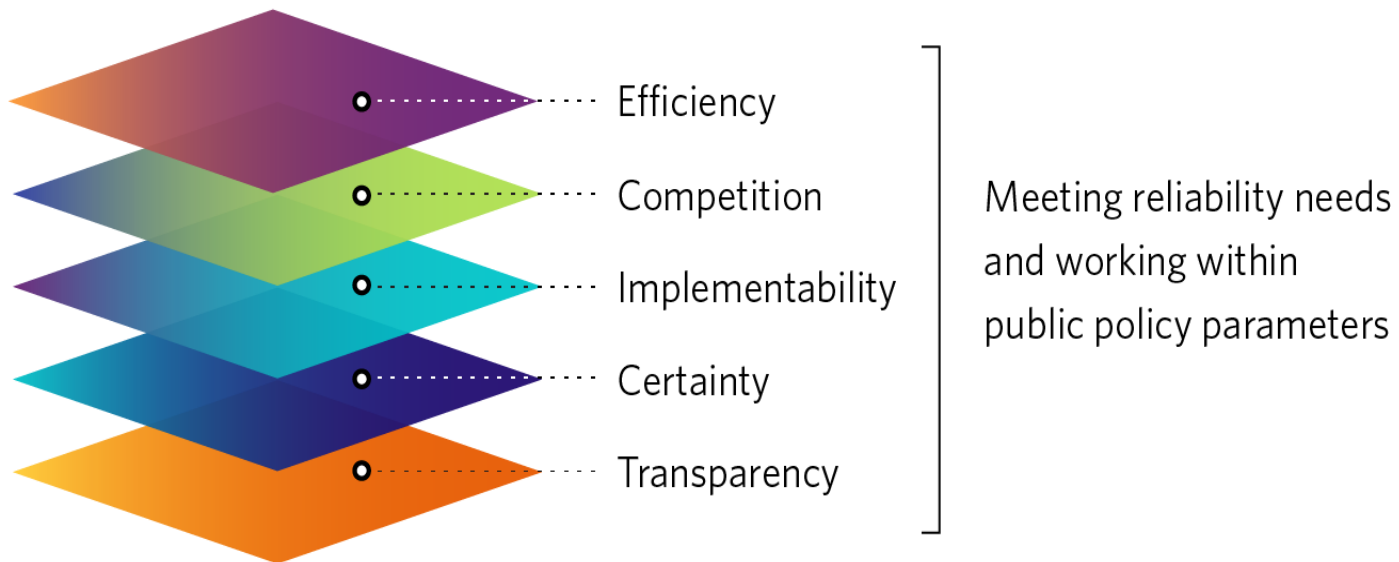
- IESO continues to closely monitor demand, revising forecasts, and responding to changing system needs
- In light of COVID-19, the IESO has heightened its focus on managing the reliability of the grid as safely as possible. MRP (both scope and timelines) have not changed as a result
- All organization-wide stakeholder engagement sessions have moved to virtual sessions
- IESO held a public webinar on COVID-19 system impacts (recorded presentation available [here](#))

Market Renewal Program Background

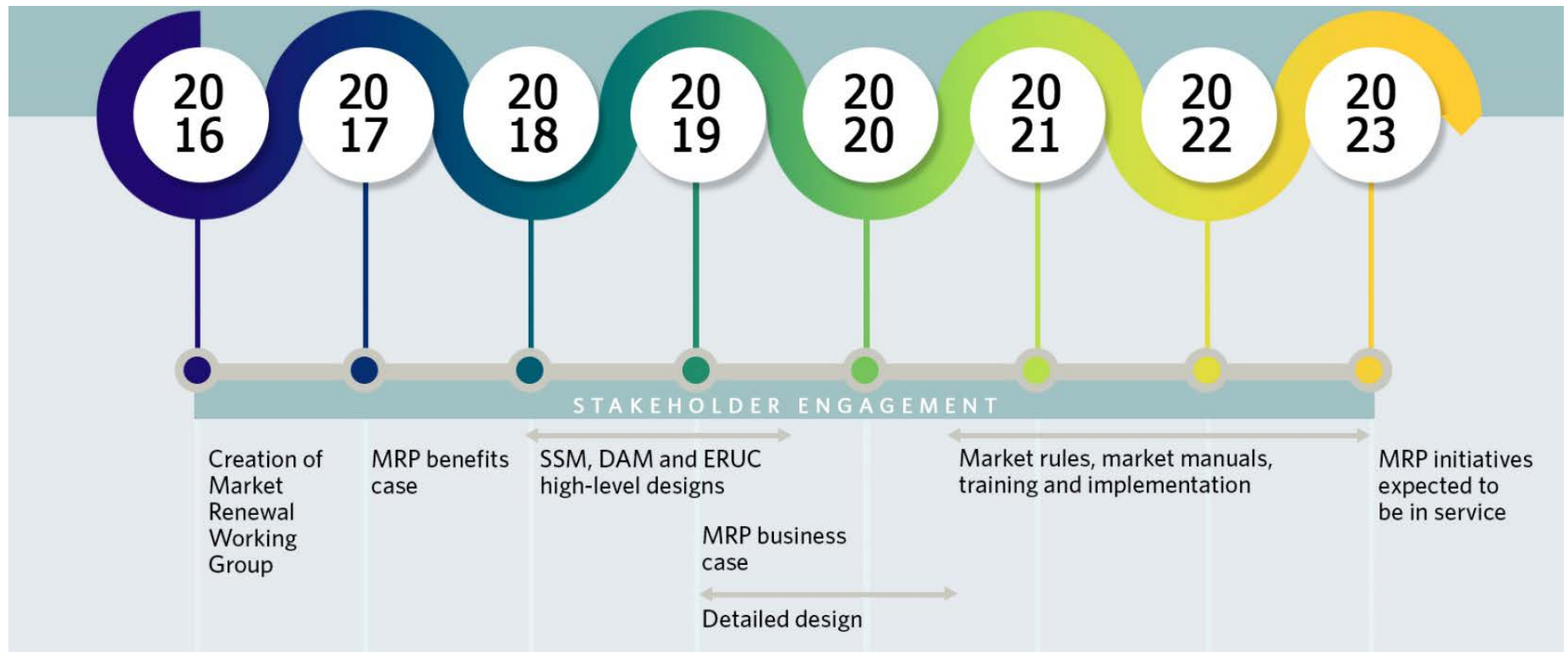
- Market enhancements to create significant cost-efficiencies for Ontario's energy consumers by redesigning electricity markets to correct inefficiencies and encourage greater competition
- The **Market Renewal Program (MRP)** energy stream was initially comprised of three project initiatives – the **single schedule market (SSM)**, **day-ahead market (DAM)** and **enhanced real-time unit commitment (ERUC)** – which will make improvements to the current market design, leading to system efficiencies, lower costs for consumers and new opportunities for market participants

Guiding Principles

A more efficient, stable marketplace with competitive and transparent mechanisms that meet system and participant needs at lowest cost.



Timeline



Market Renewal Program Business Case

- The first set of market renewal initiatives will realize more than \$800 million in net benefits over a 10-year period
- Most of the benefits that extend to the system, the sector and ultimately ratepayers are the result of:
 - aligning price and dispatch, and reducing the need for out-of-market payments;
 - addressing instances and causes of gaming;
 - providing information to incent good investments;
 - implementing changes that will address emerging system needs; and
 - enabling greater competition between resources.

Benefits Assessment

- The following real benefits have been qualitatively assessed as they are influenced by many factors, including behavioural change over time, and hard to accurately predict:

Improved Operational Certainty and Reliability

The Day-Ahead Market will provide reduced risk and greater certainty in day-to-day system operations

Reduced Gaming

Eliminating most out-of-market programs will reduce opportunities for gaming (which has historically resulted in clawbacks of over \$360 M)

Broader Market Benefits

Locational prices will provide improved signals to encourage new investment to where it can best meet needs and provide the most value

Enabling Future Markets

Transparent prices and greater certainty will provide a platform to meet future needs and adapt to changes in a more effective manner

Detailed Design Release Schedule

Date	Design Document Topics
November 28, 2019	<ul style="list-style-type: none">• Overview• Authorization and Participation• Prudential Security• Facility Registration• Revenue Meter Registration• Market Billing and Funds Administration
March 26, 2020	<ul style="list-style-type: none">• Publishing and Reporting Market Information
May 5, 2020	<ul style="list-style-type: none">• Grid and Market Operations Integration• Offers, Bids and Data Inputs• Market Power Mitigation
Late May, 2020	<ul style="list-style-type: none">• Market Settlements
July 26, 2020	<ul style="list-style-type: none">• Day-Ahead Market Calculation Engine• Pre-Dispatch Calculation Engine• Real-Time Calculation Engine

Detailed Design Engagement

- Held 13 productive engagement sessions on the Energy stream detailed design since September 2019
 - 9 were Technical Sessions on specific design topics
 - Recognizing the value of stakeholder input to produce a draft design, the objective of the technical sessions was to inform the detailed design by ensuring the IESO was aware of viewpoints or concerns in advance of publishing draft design documents
 - Engagement in detailed design includes meetings with a broad set of stakeholders as well as the opportunity for 1:1 direct outreach with the IESO to inform stakeholder feedback on the full set of detailed design documents once published

What We Are Hearing

- The technical sessions that began in September 2019 provided an opportunity for very in-depth technical discussions to take place between the IESO and stakeholders with expertise in specific areas of energy market participation
- The design topics included in those sessions were:
 - Conduct and Impact Thresholds, Reference Levels, Negative Pricing and Physical Withholding in Market Power Mitigation;
 - Lead Time and Offer Price Changes for Non-Quick Starts;
 - Hydroelectric Dispatch and Cascade River Systems;
 - Linked Wheel Transactions;
 - Constraint Violations in the Calculation Engines; and
 - Pseudo Unit participation

What We're Doing With Feedback Received

- The draft design documents are the best example of how the IESO has benefited from stakeholder input from the technical sessions
- Only a few examples of feedback from stakeholders that has helped inform the draft detailed design documents:
 - New data inputs for hydroelectric resources
 - Increased visibility into reference levels and quantities
 - Potential complications in evaluating injected quantities in physical withholding
 - Change to the specific value of a settlement floor
 - Suggested use of e-tags for scheduling linked wheel transactions

Ongoing Implementation Activities

- MRP Energy: status update
 - Focus for 2020 is continuing work on the **detailed design phase**, readying for **implementation phase**
 - Later this year, upon completion of detailed design, begin engagement on the **proposed market rules and manuals** required to implement MRP
 - Working closely with vendor on the Dispatch Scheduling and Optimization (DSO) solution
 - Further engagement on specific elements of design may be required even if implementation work begins in some areas of the renewed market

Next steps

- Stakeholder feedback on the May 5 batch of detailed design documents is due by July 31
 - As with every design document, stakeholder feedback will be posted along with an IESO response
 - If required, additional engagement sessions may be scheduled after feedback is received
- The final batch of energy detailed design documents are targeted to be released on July 26
- To register for MRP engagement sessions, please contact engagement@ieso.ca or visit the [MRP Energy webpage](#)

Questions?

Thank you

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ieso.ca/subscribe