

****Nature of Questions/Comments:**

Stakeholders provided feedback to the proposed analysis for Phase 1 with respect to the following categories:

Category 1. Import/Export Competition

Category 2. Energy Trade

Category 3. Participation/Ownership in the TR market



Item #	Respondent Name	SE-110: TR Market Review - Questions/Comments	Submission Date	**Nature of Questions/Comments	IESO Response
1	Customized Energy Solutions	The review period for all three goals will be 2003-2012. Can you please confirm.	May 16, 2013	General	Thankyou. The IESO confirms that the review period for all three goals is 2003-2012.
2	Customized Energy Solutions	A month is the minimum period for which an MP can hold a TR. So can the IESO undertake the review of all three goals by month. Ex. TRs held in a month, and the trading that took place in that month. The analysis is proposed for aggregate by annual duration.	May 16, 2013	General	Thankyou. The IESO will expand the analysis to monthly increments.
3	HQ Energy Marketing Inc.	In its Proposed Analysis Phase 1 paper, the IESO explains that it intends to compare data "from April and August of each year from 2003-2012 to look at how many MWs are actually being hedged on each path." (p.3 of 4) As it explained at the May 16th meeting, HQEM is uncomfortable with the selection of only two months (April and August) and the associated strong assumption that those two months would be reflective of the reality of the market. In that respect, if the IESO still wishes to limit its analysis to April and August, HQEM would like to understand how the IESO will control for : 1- Potential monthly seasonality in market participants' behavior (in the energy and the TR markets); 2- Planned and unplanned outages on the interties (for example, April is generally a month with relatively more frequent intertie outages, which results in less TR issued compared to other months).	May 23, 2013	Energy Trade	Thankyou. The IESO will expand the "hedged trades" analysis to all months in years 2003-2012
4	Ontario Power Generation	In OPG's understanding, the goal of the proposed analysis is to draw conclusions based on an evaluation of the correlation between changes in TR volume due to the existing stabilization algorithm and changes in intertie competition, energy trade, and participation in the TR market. In order to maximize the value of the analysis, the granularity of the data should match the lowest common variable resolution. In this particular case, since the adjustment of quantity of short term TRs is performed quarterly, OPG encourages the IESO to perform all analysis at a quarterly resolution, thereby capturing variability that would be potentially lost in an annual aggregation.	May 23, 2012	General	Thankyou. The IESO will expand the analysis to monthly increments which can be displayed quarterly where applicable.
5	Ontario Power Generation	Instead of aggregating results across stabilization adjustable and all paths, the relevant analysis should be performed on an individual path basis to better capture changes due to fluctuations in TR volumes rather than other market factors. OPG also suggests that the offer/bid quantities are further broken down by participants that are registered in the TR market and ones that are not.	May 23, 2012	Import/Export Competition	Thankyou. The analysis will include a breakdown by individual path. In addition to determining total offer/bid quantities, the IESO will further determine which of the offers/bids are from market participants who own a corresponding transmission right.
6	Ontario Power Generation	OPG does not see the import/export unconstrained schedule totals as an appropriate metric of increased import/export competition. While the offer/bid quantities may provide an indication of participation that can be tied to an increase in TR availability, the unconstrained schedule is extremely sensitive to the demand and price in Ontario and neighbouring markets and does not lend itself as a relevant competition indicator.	May 23, 2012	Import/Export Competition	Thankyou. The IESO agrees that the unconstrained schedule is sensitive to price and demand; however, the unconstrained schedule is a useful comparison to offers/bids in that it demonstrates the quantity of offers/bids that are economic. At this time the IESO will remove the unconstrained schedule component from the competition analysis.

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7	Ontario Power Generation	An analysis of the total number of monthly TRs purchased (as percentage of total available in the monthly auction) should also be included to ensure that the additional TRs made available via the stabilization algorithm were utilized.	May 23, 2012	Participation/ Ownership in TR Market	Thankyou. The analysis will include, by path, a monthly comparison of TRs sold and offered.
8	Ontario Power Generation	While recognizing the computational burden of analysis spanning 9 years, OPG believes that in order to establish a strong link between TR volume availability and "hedged" trade, the IESO should analyse a sufficiently large number of monthly data. If the IESO is committed to focusing exclusively on April and August data, OPG suggests that a high net import and export year are analyzed in their entirety to ensure that the assumed relationship holds true with other months within those years. OPG cautions the IESO to recognize that there could be Market Participants with seasonal needs and limiting the analysis to two specific months may limit the validity of the analysis.	May 23, 2012	Energy Trade	Thankyou. The IESO will expand the "hedged trades" analysis to all months in years 2003-2012
9	Ontario Power Generation	As mentioned previously, both the constrained and unconstrained schedules are "directly impacted by the variables of demand and price in both Ontario and neighbouring markets". Therefore, OPG sees no additional benefit of constrained schedule import/export analysis outside of the timeframes used for the "hedged" transaction study.	May 23, 2012	Energy Trade	Thankyou. With the expansion of the "hedged" transaction study to monthly increments, this information will become available through that study; therefore, the IESO plans to continue to provide this information as part of the analysis.
10	Ontario Power Generation	The analysis should also include a summary of all available TRs in the monthly auction against change attributed to stabilization rather than transfer capability variability.	May 23, 2012	Energy Trade	Thankyou. The IESO will highlight months in which stabilization resulted in TRs over the base amount.
11	Ontario Power Generation	The challenge with correlation analysis lies in ensuring that any ostensible relationship between variables is correctly attributable to a causal link rather than a secondary unknown variable. OPG encourages the IESO to be conservative in drawing conclusions based on perceived parallels between changes in available TRs and changes in participation and trade.	May 23, 2012	General	Thankyou. The IESO recognizes the limitations of the analysis due to unknown variables.
12	Ontario Power Generation	Furthermore, many of the drivers behind the development of a stabilization algorithm were established in 2004 with an expectation of increased import competition driving towards gains in reliability. Given the changes of import/export net scheduling, making Ontario primarily a net exporter, the IESO should provide rationale to reaffirm the initial intent as relevant. Without such rationale, many stakeholders may feel that any analysis against a historical intended benefit is missing a relevant objective.	May 23, 2012	General	Thankyou. One of the drivers behind the development of the stabilization algorithm was an increase in imports; however, there were other equally important drivers such as increased competition, increased energy trade as a whole, and increased participation in the TR market. The IESO believes that increased competition/trade and active participation in the TR market are still relevant.
13	Ontario Power Generation	Lastly, OPG encourages the IESO to make available to stakeholders all appropriate data underpinning the analysis, subject to compliance with confidentiality principles. Availability of such data will enable participants to review the analysis with respect to their individual behaviour in the TR market and provide the IESO with further feedback and comments.	May 23, 2012	General	Thankyou. The IESO will need to determine which data it can provide while maintaining compliance with confidentiality principles.