

# Transmission Rights Market Review (SE-110)

Minutes of Meeting – May 6, 2014



<b>Date held:</b> May 6, 2014	<b>Time held:</b> 10:00 am	<b>Location held:</b> Webinar
<b>Attended:</b>	<b>Company Name:</b>	<b>Attendance Status:</b> (T) Teleconference/Webinar; (R) Registered
<b>Participating Stakeholders</b>		
Brookfield Renewable Power	Cormier, Pascal	T
Brookfield Renewable Power	Laurin, Marc-Andre	R
BP Canada Energy	Johnston, Kim	T
Bruce Power	Faddah, Ayman	T
Bruce Power	Manzarpour, Natalie	T
Bruce Power	Villegas, Gabriel	T
Citigroup Energy	Tremblay, Carl	T
Goreway Power Station	Maddix, Melanie	T
HQ Energy Marketing	Plante, Matthieu	T
London Economics	Yakupova, Kelima	R
Manitoba Hydro	Wells, David	T
Ontario Power Authority	Fox, Conrad	R
Ontario Power Generation	Cheung, Erica	R
Ontario Power Generation	Peterson, David	T
Ontario Power Generation	Tardif, Francois	T
Ontario Power Generation	Zhong, Denise	T
Powerex	Dion, Julien	R
RBC Capital Markets	Burnham, Steve	R
RBC Capital Markets	Doolittle, Robin	T
Shell Energy	Kerr, Paul	R
TransAlta	Dreger, Wade	T
TransAlta	Hannweber, Troy	T
TransAlta	Nathu, Rahim	T
TransAlta	Nguyen, Thanh	T
TransCanada	Kuntz, Margaret	R
IESO	Farahmand, Farzad	T
IESO	Harrison, Susan	T
IESO	Short, Rebecca	T
IESO	Wright-Hilbig, Rhonda	T
IESO	Xie, Aaron	T
Please report any corrections, additions or deletions to: <a href="mailto:stakeholder.engagement@ieso.ca">stakeholder.engagement@ieso.ca</a>		

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

<http://www.ieso.ca/Pages/Participate/Stakeholder-Engagement/SE-110.aspx>

### **Item 1 Welcome, Review of Meeting Agenda**

Susan Harrison of the IESO welcomed the attendees to the Transmission Rights (TR) Market Review Consultation (SE-110). Introductory remarks were made including an overview of the agenda.

### **Item 2 Presentation**

Rebecca Short led the group through the presentation:

[http://www.ieso.ca/Documents/consult/se110/se110-20140506-TR%20Markets\\_Review\\_Presentation\\_Revised.pdf](http://www.ieso.ca/Documents/consult/se110/se110-20140506-TR%20Markets_Review_Presentation_Revised.pdf)

The presentation included an overview of the IESO's Phase 1 Implementation Recommendations paper: [http://www.ieso.ca/Documents/consult/se110/se110-20140506-TR%20Markets\\_Phase\\_I\\_Implementation\\_Overview.pdf](http://www.ieso.ca/Documents/consult/se110/se110-20140506-TR%20Markets_Phase_I_Implementation_Overview.pdf)

### **Member Questions, Comments and Discussion, with the IESO's response in italics:**

A member asked for examples on the determinants that would trigger a review of the initial ideal quantity.

*The IESO took this item away as action item#2.*

*Editorial Note: In response to the action item, the IESO proposes to review the initial ideal quantity when data is available for the sliding historical two-year period ending September 2014. The calculated ideal quantity for this historical period will be compared to the initial ideal quantity. If there is a difference on any path of 50% or 100 MW, whichever is greater, then revised ideal quantities will be published. This would involve an interim market document change (IMDC) to Market Manual 4.4, prior to the new ideal quantities becoming effective. If the proposed maintenance plan has not been implemented, the IESO proposes to perform the next re-evaluation of ideal quantity six months later, with data from the sliding historical two-year period ending March 2015.*

A member asked if the IESO factored in the number of transmission rights sold on each path and the availability of each path when reviewing the historical data from April 2012 to March 2014.

*The IESO responded that they did not factor in the number of TRs sold or the availability of a path when determining the base quantities or initial ideal quantities. The IESO responded that they looked at scheduled MW and the intertie congestion price (ICP). The number of TRs sold does not impact the ICP or schedules since not all TR holders are actively trading energy on the paths on which they hold TRs.*

The member then asked if historical overselling of transmission rights could potentially skew the analysis for setting the initial ideal quantity.

*The IESO responded that the calculations are independent of the number of transmission rights sold and consider only intertie congestion price and scheduled MW. The IESO recognizes that this is an after-the-fact process using historical data, and that it will take some time to move towards the appropriate number of transmission rights.*

A member asked how participants will know which paths have no short-term transmission rights available ahead of the first short-term auction in September 2014.

*The IESO responded that, in general, short-term TRs will not be available at the first short-term auction in September 2014 on paths where the current base quantity is greater than the initial ideal quantity, provided that long-term TRs were sold up to the base quantity in previous auctions. Short term TRs will become available when previously sold long-term TRs expire such that the total valid long-term TRs (including long-term TRs sold under the new process beginning in October 2014) is less than the initial ideal quantity. The information about availability of short-term TRs will be available in the pre-auction reports posted at least thirty days prior to each TR auction. There is no change to the timelines for pre-auction report publication.*

A member asked if the transmission rights clearing account (TRCA) will continue to include auction revenues.

*The IESO responded that the TRCA will continue to include auction revenues but that auction revenues are excluded from the calculations which determine the number of transmission rights available. Under the maintenance algorithm, transmission rights may be increased if the balance of the TRCA (which includes auction revenues) is greater than the current threshold of \$20M.*

A member asked how the IESO will let market participants know which outages are taken into account. *The IESO responded that the outages will be included in the pre-auction reports.*

A member asked if a copy of the presentation would be made available.

*The IESO responded that all materials are available on the stakeholder engagement website.*

A member asked if the congestion rent amounts include failure charges.

*The IESO responded that the congestion rent amounts do not include failure charges.*

*Editorial Note: for the purpose of the analysis, congestion rents for each path are calculated based on intertie congestion price and the dispatch constrained schedule. If the ICP for a given hour indicated import congestion, then all congestion rents for that hour are assigned to the import path. If the ICP for a given hour indicated export congestion then all congestion rents for that hour are assigned to the export path.*

A member asked about the future of the transmission rights clearing account in relation to disbursements.

*The IESO responded that disbursements from the TRCA are at the discretion of the IESO Board.*

### **Item 3 Next Steps**

Rebecca Short of the IESO thanked all members for their participation, and reminded stakeholders to submit any comments on the Phase 1 Implementation Recommendations paper by May 16th.

Susan Harrison then concluded the meeting.

## Action Items

Action Item Summary				
#	Date	Action	Status	Comments
1	July 25, 2013	IESO to post corrected version of the Phase 1 Analysis: Results and Recommendations paper to clarify offers v. bids on page 5, to correct the Appendix A title and to publish the correlation coefficients related to the results in Appendix A and Appendix D.	Closed	The revised document was published on August 9, 2013.
2	May 6, 2014	IESO to provide examples of determinants which could trigger a review of the initial ideal quantity.	Open	Information provided in editorial notes above.