

Item #	Respondent Name	SE-110: TR Market Review - Questions/Comments	Submission Date	Nature of Questions/Comments	IESO Response
1	HQ Energy Marketing Inc.	The use of past information without adjustments might carry over data that should not be relied upon for efficiency purposes.	May 16, 2014	Use of Historical Data for Base Quantity and Ideal Quantity	Refer to the methodology in the revised implementation plan which eliminates the use of historical data in the determination of transmission rights quantities.
2	HQ Energy Marketing Inc.	An alternative could utilize a forward-looking approach, based on forecasted available transmission capacity on each intertie, to which a percentage factor could be applied. This factor could be based on past experience, but continually adjusted so it fits expected operations.	May 16, 2014	Use of Historical Data for Base Quantity and Ideal Quantity	Refer to the methodology in the revised implementation plan which eliminates the use of historical data and instead relies upon a starting Financial Upper limit set using the expected transmission transfer capability of each path. The starting Financial Upper Limit will be adjusted monthly during the interim timeframe and adjusted whenever the financial balance falls outside of a specified dead-band during the maintenance timeframe.
3	HQ Energy Marketing Inc.	Using a fixed period of rolling 24 months will cause anomalies to be carried over into the next 2-year period. In the maintenance timeframe, HQEM is concerned that this issue could resurface when defining the dead-band or the increment quantity, which should be based on forward looking information (to the extent possible).	May 16, 2014	Use of Historical Data for Base Quantity and Ideal Quantity	Refer to the methodology in the revised implementation plan which eliminates the use of historical data in the determination of transmission rights quantities.
4	HQ Energy Marketing Inc.	The impact of the IESO's proposal to continue offering long-term TRs even if the total long-term TRs outnumber the initial ideal quantity is, for some interties, to completely stop offering TRs in the short-term auctions. HQEM requests that the IESO provide stakeholders with visibility on the available quantities of short-term TRs for all future months of the implementation timeframe for all paths.	May 16, 2014	Visibility of TR Quantities Going Forward	Refer to the paper which details the revised implementation plan. In the new plan, the IESO will only offer long-term TRs if the total long-term TRs is below the new base quantity. This has the impact of making short-term TRs available sooner. There is a table in the paper showing quantities of long-term TRs sold at each auction which would be valid at the time of implementation of the plan. Having the information about when previously sold long-term TRs will expire, along with the new base quantity and starting Financial Upper Limit in the first month provides Stakeholders with information that can be used to estimate short-term TR availability (noting that TR availability can be limited by outages, and the Financial Upper Limit will be adjusted in the interim period based on the aggregate balance of congestion rents and TR payments)
5	HQ Energy Marketing Inc.	HQEM recommends that any changes to the base or ideal quantities published in the stakeholder presentation should be communicated in the pre-auction reports	May 16, 2014	Pre-Auction Reports	Under the revised methodology ideal quantity is replaced with a starting Financial Upper Limit set as the current summer base quantity in the first month of implementation. Base quantity and the starting Financial Upper Limit (current summer base quantity) will be published in market manual 4.4. Any changes to base quantity would be communicated in the pre-auction reports or through a baseline revision to market manual 4.4. Outage limitations in individual auctions would be communicated through the pre-auction reports. Adjusted Financial Upper Limit will be tracked in the pre-auction reports.

Item #	Respondent Name	SE-110: TR Market Review - Questions/Comments	Submission Date	Nature of Questions/Comments	IESO Response
6	HQ Energy Marketing Inc.	HQEM fails to understand why the IESO would leave TR auction revenues "on the table" (in the case of insufficient TRs being offered), despite the fact that those quantities are limited. In our mind, any adjustment that could support the Board's decision on seeking equilibrium between TR payments and congestion rents should be pursued, no matter how small."	May 16, 2014	Auction Revenues	Chapter 8, sections 4.6.1 and 4.7.1 of the market rules refer to the simultaneous feasibility test and the Board's obligation to establish a confidence level. Both sections refer to the congestion rents collected by the IESO and the payments to TR holders. TR auction revenues do not form part of the determination of TR quantities. The existing confidence level allows for an increase in short-term TR availability based on the disposition of the TR clearing account. Since auction revenues form one of the inputs to the TR clearing account, they have contributed to the balance of congestion rents collected and TR payment obligations since the current confidence level was established by the Board in 2004. However, the market rules are clear that TR quantities are determined based on the confidence level at which the congestion rents collected shall be sufficient to cover the IESO's TR payment obligations, and the Board has set this confidence level going forward such that the congestion rents collected on each path shall be approximately sufficient to cover the IESO's TR payment obligations on that same path. While the interim proposal does not balance rents and payments on a path basis, it does seek to balance these funds on a global basis. The IESO believes that this achieves a significant step towards the Board's confidence level while we prepare IT systems to fully implement the Board's vision.
7	HQ Energy Marketing Inc.	HQEM proposes that the IESO implement a periodic report, where the IESO would present the general results of the TR market auctions, as well as a sensitivity analysis on varying levels of TR quantities on market flows, congestion rents and TR auction revenues.	May 16, 2014	Market Impact	The IESO will publish a monthly public report showing congestion rents and TR payment obligations by path. The report will include the current month and cumulative values. However, the IESO does not plan to do any market analysis showing the impact of varying levels of TR quantities on market flows, congestion rents or auction revenues. The intent of the confidence level is to achieve a balance between collected congestion rents and TR payment obligations on each path.
8	Bruce Power	In order to validate the proposed methodology, Bruce Power requests that the IESO replicate a short-term and long-term auction using proposed methodology and compare with the actual outcome.	May 27, 2014 (revised)	Visibility of TR Quantities Going Forward	The IESO cannot replicate a short-term and long-term auction going forward, to compare the new method with the existing methodology, since TRs in future months can be limited by outages which are not yet known and by adjustments to the Financial Upper Limit (based on congestion rents and TR payments). Refer to the paper which details the revised implementation plan. There is a table in the paper showing quantities of long-term TRs sold at each auction and which would be valid at the time of implementation of the plan. Having information about when previously sold long-term TRs will expire, along with the new base quantity and starting Financial Upper Limit in the first month provides Stakeholders with information that can be used to estimate TR availability (noting that TR availability can be limited by outages and the Financial Upper Limit will be adjusted in the interim period according to the aggregate balance of congestion rents and TR payments).
9	Ontario Power Generation	Make the hourly data used to determine the initial ideal quantity publicly available so it can be reviewed by market participants prior to approval and implementation.	May 16, 2014	Hourly Data	Refer to the methodology in the revised implementation plan which eliminates the use of historical data. Since the use of historical data has been eliminated to address Stakeholder concerns, the IESO is not planning to provide the historical data.
10	Ontario Power Generation	OPG's main concern is with the proposed Initial Ideal Quantities, given that these quantities were determined through a review of historical data. OPG is concerned that some of the data used in the study period may not be relevant for future planning purposes.	May 16, 2014	Use of Historical Data for Base Quantity and Ideal Quantity	Refer to the methodology in the revised implementation plan which eliminates the use of historical data and the concept of ideal quantity.
11	Ontario Power Generation	Determine if the initial ideal quantity is meant to represent the maximum or average number of TRs available for sale. a. If the initial ideal quantity is meant to represent the maximum number of TRs available for sale, planned outage periods should be eliminated from the historical study. b. If the initial ideal quantity is meant to represent the average number of TRs available for sale, a mechanism should be developed to increase the quantity of TRs offered, above the initial ideal quantity, when planned outages are less than the historical average.	May 16, 2014	Use of Historical Data for Base Quantity and Ideal Quantity	Refer to the methodology in the revised implementation plan which eliminates the use of historical data and the concept of ideal quantity.

Item #	Respondent Name	SE-110: TR Market Review - Questions/Comments	Submission Date	Nature of Questions/Comments	IESO Response
12	Ontario Power Generation	Review the study period (April 2012 - March 2014) month-to-month and see if there are any patterns/issues during specific months that are irrelevant for future planning. If so, exclude these periods from the analysis.	May 16, 2014	Use of Historical Data for Base Quantity and Ideal Quantity	Refer to the methodology in the revised implementation plan which eliminates the use of historical data.
13	Ontario Power Generation	In order of preference: a. Include TR Auction Revenues as a component of the payments received by the IESO for the purposes of determining the initial ideal quantity. b. Develop and communicate a methodology through which surplus funds in the transmission rights clearing account (TRCA) will be distributed. c. Formally communicate the plan for distributing the surplus funds created in the TRCA to market participants.	May 16, 2014	Auction Revenues	a. Chapter 8, sections 4.6.1 and 4.7.1 of the market rules refer to the simultaneous feasibility test and the Board's obligation to establish a confidence level. Both sections refer to the congestion rents collected by the IESO and the payments to TR holders. TR auction revenues do not form part of the determination of TR quantities. The existing confidence level allows for an increase in short-term TR availability based on the disposition of the TR clearing account. Since auction revenues form one of the inputs to the TR clearing account, they have contributed to the balance of congestion rents collected and TR payment obligations since the 2004 confidence level changes. However, the market rules are clear that TR quantities are determined based on the confidence level at which the congestion rents collected shall be sufficient to cover the IESO's TR payment obligations, and the Board has set this confidence level going forward such that the congestion rents collected on each path shall be approximately sufficient to cover the IESO's TR payment obligations on that same path. b/c. Chapter 8, section 4.18.2 of the market rules outlines the methodology for disbursement of funds from the TRCA.
14	Ontario Power Generation	Delay implementing any revision to the TR policy until a maintenance algorithm can be formally implemented.	May 16, 2014	Timing	Refer to the methodology in the revised implementation plan which provides for an Interim Maintenance Process to adjust TR quantities on each path monthly based on the balance of aggregate congestion rents and TR payments. The Interim Maintenance Process will be replaced by the path-based maintenance algorithm when available.
15	Ontario Power Generation	To address Item #11 and Item #12 OPG believes the IESO could calculate a historical "Congested Percentage of Limit" for each TR path, rather than an initial ideal quantity, where congested percentage of limit = sum of revenue collected/sum of (planned limit)*ICP.	May 16, 2014	Use of Historical Data for Base Quantity and Ideal Quantity	Refer to the methodology in the revised implementation plan which eliminates the use of historical data.
16	Brookfield Energy Marketing LP	The IESO should use a 5-year historical period instead of a 2-year historical period.	May 16, 2014	Use of Historical Data for Base Quantity and Ideal Quantity	Refer to the methodology in the revised implementation plan which eliminates the use of historical data.
17	Brookfield Energy Marketing LP	The IESO should evaluate the circumstance surrounding the historical curtailments pattern on all paths and incorporate this analysis into the approach used to determine the number of transmission rights available. In conclusion, the ideal quantity of TRs should be equal to forecasted physical transmission capacity over the period.	May 16, 2014	Use of Historical Data for Base Quantity and Ideal Quantity	Refer to the methodology in the revised implementation plan which eliminates the use of historical data and sets a starting Financial Upper Limit of TR availability based on the expected transmission transfer capability (current summer base quantity).