L'Orignal, 2022-06-30

To: **Independent Electricity System Operator (IESO):**
exemptions@ieso.ca

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Reference: **Ivaco Rolling Mills Exemption Reconsideration – Application ID: 1164**

Ivaco Rolling Mills, located in L'Orignal Ontario, was one of the first 2 Dispatchable Loads (DL) in the province since Market opened in May 2002. With an Electric Arc Furnace (EAF) operation Ivaco worked with the IESO to develop an exemption to allow for the participation in the Operating Reserve (OR) market to the mutual benefit of both IESO and Ivaco. This submission is to comment on the proposed changes to the original exemption.
Although Ivaco agrees with the objectives in general of the proposed changes, we find some aspects too restrictive and cumbersome more than it needs to be.

Term and conditions - Reconsideration/Removal section:

Providing that Ivaco Rolling Mills registration data is up to date, an increase, or a decrease, in the level of consumption should not be a trigger for reconsideration or removal of the exemption as long as the quantities in the energy bids and OR offers reflect the new level of consumption. Reconsideration of this exemption adds a major workload on The IESO and the Ivaco staff alike.

Appendix A – Operating Parameters – Section 1 (d):

Because the nature of the operation of the EAF, the Normal Consumption Pattern (NCP) is too restrictive. The information requested is only an estimated average over a long period and actual operating values will have large differences from the average. Furthermore, the EAF at Ivaco has 2 very different modes of operation. The bucket mode is like all the other EAF's in Ontario, whereby, for each batch the furnace is stopped for a scrap charge 2 to 3 times; then at the end of the batch it stops to tap the liquid steel. This mode is only 15% to 20% of the production. The second mode, used for 75% to 80% of the production, is the ConSteel process, the only one in Canada, whereby the scrap is fed continuously into the furnace. This process is much more energy efficient, requires only one stop to tap the liquid steel. Each one of the 2 modes have different steps with different power levels and different consumptions based on scrap types and availability and on the final product being produced.

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Appendix A – Operating Parameters – Section 2 to Section 11:

Ivaco Agrees with the Recommendations stated in section 2 to section 11

Appendix A – Operating Parameters – Section 12:

As stated above, for each batch, consumption levels will deviate up or down from the average by more than 10% occasionally depending on the step and on the scrap in use and the product produced. Unless there is a forced outage caused by equipment problem, consumption should be "normal" every batch. Ivaco believes this section is not necessary because it is impossible to predict changes in time to adjust the bids. Also, any sustained change in consumption pattern will be reflected in the calculation of the following Historical Energy Consumption (HEC).

Appendix A – Operating Parameters – Section 13 and Section 14:

Ivaco Agrees with the Recommendations stated in section 13 and section 14

Appendix A – Operating Parameters – Section 15:

Ivaco does not agree with the calculation of the Maximum OR Offer proposed by the revised exemption. The existing exemption accepted the OR offer to be the average consumption of the nonzero intervals. The proposed revision calls for an average of all intervals. The logic accepted in the original exemption still holds now. OR activation is scheduled on an interval basis and not on an hourly basis. Therefore it should be calculated based on the average interval consumption when operating.

Appendix A – Operating Parameters – Section 16:

Please see comments on section 12

Appendix A – Operating Parameters – Section 17 and Section 18:

Ivaco Agrees with the Recommendations stated in section 17 and section 18

Appendix A – Operating Parameters – Section 19 (C) & (D):

During normal operation Ivaco will not be stopped for more than 3 consecutive intervals. In the event of a problem with operation, the Ivaco operator will inform the IESO operator as soon as practicable and will initiate an automatic process for canceling of the OR offers and changing the energy bid to non-dispatchable. When this happens in the early part of the hour, the changes will only take effect at the beginning of the following hour. There is nothing that Ivaco can do about changing the bid in mid hour because the IESO system do not allow it. This flaw has been known by the IESO since the beginning of the Market and has not been fixed yet. Therefor Ivaco believes it should not be penalized because of a flaw in the IESO systems.

Ivaco Rolling Mills thanks you for the opportunity to submit these comments and remains available for any additional comments or discussions.

Regards,

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