

IESO Response to Feedback

Exemption Reconsideration – Ivaco Rolling Mills

The IESO thanks you for your comments related to the draft terms and conditions of Ivaco's exemption reconsideration posted to the IESO website on June 10, 2022. The IESO appreciates the time and effort you took to make this submission, and has responded to each of your comments, below.

The IESO response to stakeholder feedback below is ordered by your comments on the sections within the terms and conditions. In the new draft terms and conditions, please note that section 17 has been deleted and so the section references in your submission and below may not align with the section references in the updated terms and conditions.

1. Reconsideration/removal section

The IESO agrees that the reconsideration process can be lengthy and add workload to both the IESO and market participants and would not take lightly the decision to initiate a reconsideration. However, it is also important to ensure exemptions are up to date and reflect the appropriate provisions. The inclusion of this clause in the exemption confirms the existing ability that the IESO has in Market Manual 2.2 to initiate a reconsideration on the basis of a change in circumstances.

The proposed exemption uses IVACO's Typical Consumption Pattern as a reference point to describe specific operational actions. For instance, if IVACO's continuous maximum dispatchable consumption during a production cycle is a 10% or more reduction from the continuous maximum dispatchable consumption described in its Typical Consumption Pattern as a result of decreased capacity for consumption, it would be required to reduce its *operating reserve offers* by an equivalent amount. Therefore, significant changes to IVACO's Typical Consumption Pattern may necessitate commencing a reconsideration process to amend the terms of the exemption.

The IESO believes that the proposed language which IVACO has suggested be removed provides important clarity; this provision establishes clear thresholds for when a change in consumption or the pattern of consumption rises to the level of a change in circumstances that may warrant amending the terms of the Exemption. In furtherance of this goal of establishing clear thresholds for reconsideration, the IESO has proposed some minor edits to one of these thresholds. The intent of the edits is to make clear that if, on average over any 6-month period, the typical period of time that IVACO's dispatchable load has dispatchable consumption of less than 1MW increases by 4 dispatch intervals compared to the number of dispatch intervals described in its Typical Consumption Pattern

(e.g. increases from ~15 mins to ~35 mins) that this will be a change in circumstances that may warrant a reconsideration of the terms of the Exemption.

2. Operating Parameters – Section 1(d)

The IESO appreciates that there are facility-specific considerations which will need to be taken into account in articulating the Typical Consumption Pattern. The intent of section 1d is to create a baseline of how the facility typically operates, understanding that there will be deviations from that baseline. Other sections of the terms and conditions describe the obligations of the market participant when there is an expectation that there will be deviations from that baseline by a certain set amounts (e.g. time or MWs).

The IESO has updated the term 'Normal Consumption Pattern' to 'Typical Consumption Pattern'. This is to better reflect that this term is referring to the typical pattern of consumption and remove any suggestion that deviating from this pattern is not 'normal'.

The June 10, 2022 version of the proposed Exemption had such facility specific information redacted to ensure confidentiality. The IESO will share the proposed definition of Typical Consumption Pattern directly with IVACO and seek comments and feedback from IVACO prior to it being presented to the IESO Board for approval.

3. Section 12

The IESO believes that this section remains necessary. The proposed exemption would exempt IVACO from section 3.3.8 of Chapter 7, which requires that dispatch data be revised to reflect reasonable expectations around facility operation. This exemption acknowledges and addresses the unique operating characteristics of dispatchable loads with electric arc furnaces and provides flexibility in light of those unique operational characteristics, but the IESO believes some limits are still required.

To address some of the specific points IVACO has raised in regards to this provision:

- IVACO notes that it is impossible to predict changes in time to adjust bids; however, the provision does not require any action until such deviations occur over a 5-hour time period during which the IESO believes action could be taken to both recognize a significant deviation and adjust bids accordingly
- IVACO notes that any sustained changes would be reflected in the calculation of the next Historical Energy Consumption. The IESO has updated the provisions related to the calculation of the Historical Energy Consumption to explicitly exclude those hours in which IVACO has decreased its energy bid in accordance with this section.
- IVACO noted that 10% may be a typical deviation depending on the step of the process. The IESO has updated the provision to specifically apply to IVACO's continuous maximum dispatchable consumption, and made clear that the relevant 10% decrease in continuous maximum dispatchable consumption should be as a result of decreased capacity for consumption. This clarifies the overall purpose of this provision.

4. Section 15

The IESO appreciates IVACO's desire to compare the proposed terms and conditions with IVACO's existing exemption; however, the IESO has taken no view during this reconsideration process in regards to the scope of IVACO's current exemption and practices. The reconsideration process is

prospective in its application and the IESO has prepared the proposed terms and conditions of the reconsidered exemption exclusively with this prospective view in mind.

The IESO staff recommendation is that the maximum amount of operating reserve (OR) that may be offered by IVACO's dispatchable load will be determined by the hourly average dispatchable consumption during all settlement hours in which IVACO submitted an offer for operating reserve during the applicable 6-month period. This is consistent with the sole current market rule [exemption](#) that speaks to how a batch load should offer operating reserve.

The market rules define OR as generation capacity, electricity storage capacity or load reduction capacity which can be called upon on short notice by the IESO to replace scheduled energy supply. A dispatchable load that is not consuming cannot provide the IESO with load reduction capacity.

Recognizing that the typical consumption pattern of batch loads includes a period of near-zero consumption for approximately 15 minutes each hour, it is appropriate that all periods of consumption, including the periods at near-zero consumption, are considered when determining the maximum operating reserve offer from each batch load facility. Such a calculation will result in the batch load receiving compensation from the OR market approximately equal to the amount it would have received if the IESO were able to schedule OR from the batch load equal to its exact load reduction capability available on a 5-minute basis over the course of the relevant settlement hour. At this time, the IESO's scheduling toolset does not provide this functionality, hence the need to define the maximum OR offer quantity in the manner described in the IESO staff recommendation.

Importantly, considering the average consumption inclusive of the near-zero intervals when determining the maximum OR offer will have positive impacts on the IESO's ability to maintain reliable operations of the IESO-controlled grid.

The IESO recognizes that by not re-starting its consumption process following a contingency a batch load can aid system reliability by staying at near-zero consumption at the direction of the IESO. However, the IESO's ability to direct batch loads' operations in such a manner relates to the batch loads' participation as a dispatchable load, not as a provider of operating reserve.

5. Section 19(c)

The IESO appreciates this feedback on section 19(c) and has updated this provision to address the concern IVACO has raised. The updated provision now provides that the settlement charge would apply where IVACO remains under 1MW consumption for a period of 25 consecutive dispatch intervals. This would ensure that IVACO has sufficient time to remove its offer before this provision would apply.

6. Conclusion

The IESO has also provided the final terms and conditions document which will be presented to the Exemption Review Panel on August 23. You may provide comments to the Panel based on the revised terms and conditions. Please provide those comments by August 12.