

Market Renewal FACT SHEET

Uplift Recovery

#19

The single schedule market (SSM) is one initiative in the Market Renewal's Energy work stream. A move from a two schedule market to an SSM will require review of uplift recovery processes.

What is the uplift recovery process?

The IESO operates Ontario's power system and its energy markets ensuring that electricity is delivered to consumers when and where it is needed. In the final accounting, the total cost of electricity charged to consumers should equal the actual cost to dispatch that electricity. In some instances, there is an imbalance between the two. In these situations, an uplift mechanism is used to either recover revenue from consumers/exporters if it has been determined that they have been under charged, or provide credits if they have been over charged. Types of uplift charges include:

- Make whole payments
- Penalties or failure charges
- Under-collection (e.g., due to default)
- Congestion rents
- Marginal losses residual
- Cost guarantees
- Ancillary service cost recovery (e.g., operating reserve costs)

As part of operating the market, the IESO tracks uplift charges and applies them to the relevant consumers/exporters.

Why is it important?

Uplift recovery is important to maintain fairness and ensure that the costs recovered from consumers equal the cost to provide the electricity. The IESO uses uplift charges in the current market structure, but this process must be reviewed in the single schedule market to ensure that they are still properly accounting for all costs. For example, uplift charges must account for

items like congestion rent (which is not currently taken into account in the two schedule market) and loss residuals in the future.

There are other important details to be considered in the calculation of uplift payments. For example, whether the cost of losses can be allocated to real-time load or allocated within regions based on where the losses occurred.

More information

For more information, please see the Market Renewal Fact Sheets on Make Whole Payments (#18), Energy Price - Congestion Component (#1) and Energy Price - Loss Component (#3).