

## **IESO Engagement**

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**From:** Sushil Samant  
**Sent:** November 28, 2017 12:02 PM  
**To:** Daniela Drazic; IESO Engagement  
**Subject:** IESO Request for Comments: Webinar for Electricity Supply Contract Holders

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As requested, below are comments to the IESO from Northland Power regarding the October 31, 2017 webinar titled: "Webinar for Electricity Supply Contract Holders":

The IESO questions (in blue) and Northland Power's answers (in black) are as follows:

### **Q1. What contract issues do stakeholders see as priorities to be addressed now and what issues are dependent on actual designs/market rules?**

The presentation states that the MRP "is not targeting to extract extra value from contracts". While it is still very early in the process, our initial view is that we do not feel comfortable that there is enough information to fully support this statement.

As an example: In addition to Locational Marginal Prices, the new market structure may have two prices - Day Ahead (DA) and Real Time(RT) at each node (if a DAM is adopted). As a result, there will be settlements related payments calculated in both the DA and RT Market. This will introduce additional risk. As an example, "energy only" FIT contracts that are transmission connected variable generators are currently dispatchable. As such, they must offer their energy in the Day Ahead Commitment Process (DACP) to establish an Availability Declaration Envelope. If, as a logical extension, they are also required to participate in both the future DA and RT Markets, they will receive a DA price and be required to settle out as per their activity in the RT balancing market. This introduces additional risks that suppliers did not expect to assume when these contracts were originally signed. As a result, extra value from these contracts may be extracted. A similar statement can be made for other capacity contracts (i.e. CES "style", new NUG contracts, etc.).

- **Our initial view is that the vast majority of Market Participant contracts will require more than mechanical contractual changes, and in fact will require more complex solutions as indicated on slide 23 of the webinar presentation.**
- **We also do not understand how the new market structure (as being contemplated) will not extract additional value from existing generator contracts.**

### **Q2. What is/are the best forum(s) and processes to discuss Market Renewal and contract questions? (open engagement, small committee, sector-specific, bilateral?)**

It is our initial opinion that the best forums to discuss Market Renewal and contract questions are within **sector-specific meetings**. This will ensure a more efficient forum because:

- There will be similar contract holders/stakeholders participating who have similar concerns,
- The stakeholders will be better versed in their specific contract lingo, and
- This forum and process may better align with the processes detailed in many generator contracts

Notes: Our initial view is that the other forum options listed would be less effective because:

- Open Engagement (i.e. attendance by loads, generators, other stakeholders) would not be as productive because of the lack of common understanding of even the non-confidential information that makes up the sector's generator contracts
- Small committees are not recommended because they may not be able to adequately represent all issues of all contracts in their sector
- Bilateral meetings would only be appropriate during the specific and confidential contract amendment process and not during the general discussion phase.

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Northland Power Inc

