

June 23, 2015

Independent Electricity System Operator
Market Rule Amendment

Comments on MR-00425 - RT-GCG Cost Recovery Framework Amendment Proposal R00

OPG appreciates the opportunity to submit comments on the Amendment Proposal R00 for MR-00425 Real-Time Generation Cost Guarantee – Cost Recovery Framework.

Chapter 7 section 2.2B.1.4C of the rule amendment obligates participants to provide “any other data, as requested by the IESO that is relevant to determine eligible costs in accordance with section 2.2B.4, including without limitation, data from any affiliate...contractual counter-party...” While OPG agrees it is incumbent upon the participant to demonstrate eligible costs within the RT-GCG program it believes the market rule proposal requires participants to disclose commercially sensitive and/or proprietary information that they may contractually be unable to provide. IESO data requests should respect legally binding agreements between participants and counterparties and allow for other forms of verification of costs.

The IESO has created a high level plan for allocating RT-GCG framework details between market rules and market manuals. OPG believes the following details currently proposed for the market manuals should also be outlined in the market rules:

Chapter 7 section 2.2B.4 specifies that eligible costs should be limited to incremental fuel costs and incremental operating and maintenance (O&M) costs. The eligible cost categories for fuel and O&M (e.g. Fuel Price, Start Volume, etc.), have been identified through the stakeholder engagement initiative and because they have been established, OPG is recommending they be listed in Chapter 9 section 4.7B.5 with Chapter 7 referencing the section in Chapter 9.

Secondly, in Chapter 7 section 2.2B.4 (and again in Chapter 9 section 4.7B.5.1) the IESO makes reference to the “point of initiation”. Given the significance of this term to the program, OPG submits it should be a defined term in Chapter 11 of the market rules which may reference the market manuals for specific details. OPG is proposing the following definition:

Point of initiation means the time at which a generation facility that is eligible for the Real Time Generation Cost Guarantee begins its start-up process. This point in time will be different depending on the type of generating unit and the precise definition of the *point of initiation* for different generator types is described in the applicable *market manual*.

Under Chapter 9 section 4.7B.5, the proposed rule should make reference to and be consistent with all of the cost categories tabled in Slide 10 and 13 of the May 31 presentation to the Technical Panel. This section is missing the services price adder and the acknowledgement that there may be more than one applicable fuel cost (e.g. ignition fuel). Further the language under 4.7B.5.2 should be consistent with the aforementioned tables indicating if it is a “universal” or “resource-specific” pre-approved quantity, “universal” or “resource-specific” pre-approved “operating” consumables cost “adder” and a “resource specific” pre-approved planned maintenance cost “adder”. The addition of these terms provides detail

on the methodology used to derive the pre-approved or universal values and is reflective of Chapter 7 section 2.2B.5 and slide 8 of the May 31 presentation which differentiates the content between market rules and market manuals. Also, in the formula for calculating incremental fuel cost, reference is made to a “pre-approved *index price*”. OPG recommends the term *index* should be removed to acknowledge that not all fuel types have an index price.

On a minor note, in Chapter 7 section 2.2B.1.1, the words “quick-start facility” should be italicized without a hyphen as it is a defined term. Similarly, “generation facility” used in section 2.2B.1.2 should be italicized. For purposes of consistency, the use of the term “facility” in sections 2.2B.4, 2.2B.5 and 2.2B.6 should be replaced with the italicized defined term “generation facility”.

Additional comments on the RT-GCG Cost Recovery Framework are provided in OPG’s comments to the Stakeholder Engagement Initiative dated June 21, 2016.

Regards,

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