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July 16, 2018

IESO Engagement

Comments to IESO re MR-00420 R01– Capacity Exports and Settlements

OPG has commented on the topic of Capacity Exports at various points in the stakeholder engagement process and now provides an additional comment on this proposed Market Rule.

OPG disagrees with the IESO decision to not allow CMSC payments for constraints applied to called capacity exports as stated in the proposed rule amendment MR-00420-R01 (Ch. 9 S. 3.5.11). We would expect that capacity exports will need to be bid at very high prices to capture potential penalties from the entity that has purchased that capacity if a capacity call is not met. As the IESO requires capacity exports to be bid at \$2000, in order for a capacity export bid to be constrained down or off, all other exports bid at prices lower than \$2000 must be constrained off first.

OPG proposes a compromise suggestion on this CMSC issue to allow partial payment of CMSCs to the capacity exporter - CMSC would be calculated based on the highest export bid that is not associated with a capacity export at the time that the capacity export is constrained off. There is an existing precedent in the Market Rules for partial CMSC payments (Ch. 9 S. 3.5.6A). This would enable the capacity exporter to receive some compensation, similar to what other exporters would receive, while allowing the IESO to limit the CMSC to an amount based on an economic export bid.

OPG recommends the following change to MR-00420-R01 (Ch. 9 S. 3.5.11) to enable this compromise: “Congestion management *settlement* credit payments to a *market participant* in respect of an *energy* bid from a *boundary entity* for a *called capacity export* may be reduced by the IESO as described in the applicable *market manual*. The IESO may withhold or recover the excess congestion management *settlement* credits paid in respect of *called capacity exports* and shall redistribute any recovered payments in accordance with section 4.8.2.”

Regards,

Lynn Wizniak and Richard Gell  
Ontario Power Generation