

IESO Technical Panel Meeting Minutes of Meeting

Date held: May 22, 2018		Time held: 9:00 am	Location held: IESO Office, Toronto
Invited/Attended	Sector Representation		Attended; Regrets
Robert Bieler	Consumer		Attended
David Brown	Ontario Energy Board		Regrets
Ron Collins	Energy Related Businesses and Services		Attended
David Dent	Other Market Participant		Attended
Sarah Griffiths	Other Market Participant		Attended
Robert Lake	Residential Consumer		Attended
Phil Lasek	Industrial Consumer		Attended
Sushil Samant	Generator		Attended
Joe Saunders	Distributor		Attended
Jessica Savage	IESO		Attended
Bill Wilbur	Generator		Attended
Julien Wu	Wholesaler		Attended
Bing Young	Transmitter		Attended
Michael Lyle	Chair		Attended
Observers / Presenters			
Alexandra Campbell	IESO		Attended
Josh Duru	IESO		Attended
Warren Hill	IESO		Attended
Idalin McKenzie	IESO		Attended
Jason Kwok	IESO		Attended
Agatha Pyrka	IESO		Attended
Rebecca Short	IESO		Attended
Secretariat			

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Please report any suggested comments/edits by email to engagement@ieso.ca.

Reena Goyal	IESO	Attended
Jason Grbavac	IESO	Attended
Prepared by: Mitchell Beer / Smarter Shift Inc.		

Agenda Item 1: Introduction and Administration

Chair's Remarks:

The Chair advised members that the IESO would not be audio-recording the meeting. There had been some consideration of doing so to assist the minute-taker in capturing content, but the decision was placed on hold to allow time for due consideration. The Chair reminded Panel members to speak loudly enough that all can hear.

Members reviewed the meeting agenda, with Mr. Samant asking whether participants would receive an update on discussions at last week's Market Renewal Working Group meeting. The Chair said concerns raised by Working Group stakeholders could be divided into four categories:

- Enduring engagement structure for Market Renewal, including the potential for enhanced participation rights based on approaches used by other independent system operators in the United States;
- Transparency of IESO Board decisions on market rule amendments;
- The market manuals development and review processes – timelines, robustness, and consistency in content relative to market rules;
- The dispute resolution process, especially as it relates to new elements introduced through Market Renewal.

The Working Group affirmed its interest in stakeholder dialogue on all of these issues. The Chair restated the IESO's position that its Board retains the authority to enact market rules in the public interest, even when there is significant opposition from stakeholders. The IESO has also raised questions about the role of the Ontario Energy Board in reviewing market rule amendments, and whether its existing authority should be expanded. He said the IESO would give consideration to how to move that dialogue forward as part of the OEB Modernization Panel review. Ms. Griffiths said she looked forward to the next stage in the process, and agreed that the Chair's summary had encompassed the Working Group discussion.

Participants reviewed the minutes of the previous meeting.

On page 5, second-last paragraph, Ms. Griffiths was quoted as saying there “aren’t many” barriers to aggregator participation. She clarified that she meant to say some barriers still exist, including the metered data audit.

On page 8, second-last paragraph, Mr. Wilbur noted the Chair’s statement that the Panel’s May meeting “would discuss a proposal for educating Panel members in advance of the Market Renewal market rule amendments.” The Chair said that item would be addressed in the course of the meeting.

On page 8, first paragraph, line 3, the Chair noted that “including the,” should have read “including the IESO”.

The minutes were approved as amended.

The Chair advised members that Mr. Wilbur will be retiring from Ontario Power Generation and resigning from the Technical Panel at the end of August, and thanked him for his service.

In conjunction with the Panel’s June meeting, the IESO plans to arrange a two-hour education session with the Market Renewal team to give members a baseline understanding of the different streams in the process. Subsequent education sessions will focus on the various high-level designs as they are issued. The Chair said Jason Grbavac, IESO would be in touch soon on logistics and availability. Mr. Grbavac said the education session will be optional, but a valuable use of members’ time.

Mr. Wu referred to the January 23 action item on in-camera sessions. The Chair and Mr. Grbavac said the IESO would be willing to schedule them as needed.

Ms. Griffiths recalled earlier discussion about the Panel being empowered to hire consultants for advice and analysis on Market Renewal should the need arise. The Chair said that option was available to the group and would need to be considered in the broader discussion on the Market Renewal engagement structure.

Mr. Bieler asked that the upcoming education session provide an understanding of the policy objectives each stream is intended to achieve, the expected outcomes for market participants and consumers, and the resulting expectations for the work of the Technical Panel. The Chair said the draft slide deck for the session placed a lot of emphasis on the purpose of the process, before getting into the “what” and the “how”.

Mr. Dent suggested the Market Renewal Benefits Case report as useful pre-reading ahead of the education session. Mr. Grbavac agreed the advance primer would make the actual session much more useful.

The Chair advised that Samantha Tam has joined the Market Rules group, and will be supporting the Technical Panel in its work.

Agenda Item 2: Stakeholder Engagement Update

Jason Grbavac, IESO referred Technical Panel members to the update document they had received, explaining that the matrix was intended as a quick snapshot of engagement activity currently under way. He invited suggestions on the style and level of detail in the document and questions on specific items.

Mr. Grbavac noted that a recent call for participation from the Energy Storage Advisory Group had attracted a very diverse, well-informed group of technology and service providers with extensive knowledge and experience in Ontario and beyond. The group will advise the IESO as it develops policies and rules to better enable integration of storage resources within the current market structure. Highlights of the group's first meeting on May 8 included a detailed inventory of storage products and technologies, the challenges storage resources face in the current market, and potential opportunities for non-contracted energy storage resources. Ms. Griffiths asked whether the membership list had been published on the IESO website. Mr. Grbavac agreed to share that membership list with the members of the panel.

Mr. Grbavac said the Demand Response Working Group continues to meet regularly, and has turned its attention to the Incremental Capacity Auction. Working group members received a presentation that will also be a part of the Technical Panel education session on Market Renewal. Mr. Grbavac encouraged Panel members to attend Working Group sessions at their convenience.

Agenda Item 3: Market Renewal Program Update

As the Chair previously reported, the Market Renewal Working Group met May 15. MRWG participants received an update from the Chair of the Technical Panel, summarizing feedback on the decision-making process for market renewal and the path forward. Mr. Grbavac said the Working Group is involved in stakeholder engagements on its two major work streams, Capacity and Energy.

On Capacity, a group dealing with the Incremental Capacity Auction met in April to continue its work toward a high-level design. The group will meet again in late June, and is planning full-day, interactive sessions in September and October.

On Energy, engagements are addressing the Single Schedule Market, the Day-Ahead Market, and Enhanced Real-Time Unit Commitment. Mr. Grbavac said the meetings have been blended to some degree for scheduling purposes in light of the overlaps among the design elements, and the next two stakeholder engagements scheduled for May 23 and 24 were to include updates on all three. He welcomed Technical Panel members to register for one or both, noting that presentations had already been posted and responses to feedback would be circulated afterwards.

Mr. Dent asked whether there was an anticipated timeline for the Technical Panel's review of preliminary market rules developed by the Market Renewal team. Mr. Grbavac said most of the Market Renewal engagements were expected to deliver high-level designs by the end of the year, with the Incremental Capacity Auction group concluding that part of its work in March or April, 2019. After further stakeholder review and feedback, detailed design work and stakeholder review will follow in 2019, with proposed rule amendments reaching the Technical Panel for deliberation in the third or fourth quarter of next year.

Mr. Grbavac reminded participants that the IESO's 2018 Electricity Forum was to take place June 11 at the Sheraton Centre Toronto hotel and invited them to attend.

Agenda Item 4: Capacity Exports

Josh Duru, IESO said the purpose of the proposed market rule amendment was to codify a framework to export capacity as approved by the IESO. He presented the draft for information and discussion, with the understanding that a draft amendment with any required revisions will be brought back for review at the Technical Panel's June 26 meeting.

Warren Hill, IESO recalled that Panel members had received a detailed briefing on Capacity Exports at their March meeting. The IESO subsequently engaged stakeholders in further discussions which resulted in the proposed amendment that was now before Technical Panel members.

Mr. Collins asked whether capacity export commitments would ever put Ontario in a position of creating emissions locally to allow for lower-carbon exports. Mr. Hill said variable generation is not currently permitted as part of the Capacity Exports program. Mr. Collins noted that biomass is dispatchable and non-emitting. Mr. Hill agreed, but said replacing that capacity with an emitting resource would be a part of normal market functioning and driven by market economics. Mr. Collins asked about the political implications of the scenario he had suggested. Mr. Hill said capacity calls between jurisdictions are extremely rare, so the risk is unlikely to arise with any great frequency.

Mr. Hill noted that the IESO hosted a webinar on Capacity Exports on April 16 and subsequently received feedback from one stakeholder. Mr. Hill confirmed that the IESO will be posting responses online.

Mr. Hill recapped the market rule amendments under discussion. The presentation slides listed the specific subsections of the Market Rules that would be revised as a result of the eventual amendment.

Mr. Samant asked whether rate regulated participants would be excluded from capacity exports. Mr. Hill responded that contracted, rate regulated participants would be eligible to participate in capacity exports.

In response to a question from Ms. Griffiths, Mr. Hill indicated that if the total MW that market participants wished to export exceeded the intertie limit for exporting, approvals would be done on a first come, first served basis based on timestamp of when their capacity export request was submitted.

Mr. Collins asked what recourse market participants would have if they still disagreed with an IESO decision regarding participation as a capacity export. Mr. Hill said market participants may ask for a reconsideration of a decision. If a reconsideration request is unsuccessful, market participants will also have access to the dispute resolution process. Mr. Saunders asked whether the same considerations would apply to import requests. Mr. Hill said that imports were not being facilitated currently, but that they would be in the future as part of the implementation of the Incremental Capacity Auction.

Mr. Bieler asked whether there would be any limit on the proportion of the province's generation capacity that could be contracted for export. Mr. Hill said the review processes such as the Intertie Review and the Resource Adequacy Assessment would serve that purpose, noting that capacity exports have been denied in situations where the IESO thought the province might not have sufficient capacity for its own use. In the event of energy congestion on an intertie during a capacity call, Mr. Hill said capacity allocations are pro-rated among the market participants involved, with curtailments spread across export transactions that bid into the system at the same price.

Mr. Hill described the process for settlements, noting that Capacity Exports are ineligible for CMSC since providers' bids are not reflective of their costs. Mr. Wilbur suggested that there would likely also be economic bids at \$2000 and these would get CMSC so why not the Capacity Export bids? Mr. Hill indicated that this comment had been received through the Capacity Exports stakeholder engagement.

Ms. Savage, IESO asked Mr. Wilbur whether he was recommending that Capacity Exports should be entitled to some CMSC payments. Mr. Wilbur replied affirmatively and said that there is precedent for partial payment of CMSC in the rules already and this would keep payments within acceptable limits, rather than not paying settlement credits at all.

The Chair said the Panel could explore the issue further at its next meeting, if necessary, and that the IESO could elaborate on the rationale for recommending that Capacity Export not be eligible for CMSC.

Mr. Wu noted that generators offering energy to the New York market are required to bid on a day-to-day basis, and every aspect of that system has a significant impact on capacity markets. He encouraged Mr. Hill to bring the Capacity Exports issue to the Market Renewal Working Group, and to consider the need for a more comprehensive education session for Technical Panel members. To the extent that the information would help inform the Technical Panel's deliberations on this matter, Mr. Hill agreed to follow up with Mr. Wu after the meeting and to consider elaborating on a timeline of obligations.

Agenda Item 5: Improved Utilization of Hourly Demand Response Resources	
Presenter	Josh Duru, Alexandra Campbell, Jason Kwok
Action	Review Amendment Submission MR-00433-R00-R01 and vote on whether to post the amendment for stakeholder comment for a two-week period ending on June 7, 2018.

Alexandra Campbell, IESO explained that the proposed amendment would amend the Market Rules to increase utilization of Hourly Demand Response (HDR) resources by reducing the minimum dispatch duration and increasing real-time availability.

As discussed at a previous Technical Panel meeting, Demand Response has been added to the Emergency Operating State Control Actions (EOSCA) list as of May 1, resulting in the need to revise some of the pertinent market rules to eliminate ambiguity and ensure they are clear to all.

The recommended amendments have been discussed with stakeholders and members of the Demand Response Working Group, Ms. Campbell said, and there is wide support for making DR more available to the system, and for eventually enabling DR resources to participate in the future incremental capacity auction. The proposed amendments would apply to the December, 2018 DR auction and, as discussed at past Panel meetings, reduce the minimum allowable standby period for resources from four hours to one hour. Standby notifications will be based on price triggers of \$200 for the first year and \$100 beginning the second year. Market participants had expressed a preference for a \$200 threshold in the first year of the amended market rule, with the expectation that the \$100 level would result in more notifications.

Mr. Samant asked what mechanism the price trigger would replace. Jason Kwok, IESO and Ms. Campbell explained that standby notifications are currently issued using a schedule-based trigger at pre-dispatch. That mechanism will continue under the new system, with the addition of a price-based trigger that becomes a further condition to issue a standby notice. Market participants would still control the price of their energy bids which will determine whether and when HDR resources are activated in real time.

Mr. Samant asked whether the resulting activation trigger would be location-based with shadow prices. Mr. Kwok said the mechanism has always been based on a resource's location, and that each DR resource has its own shadow price. Mr. Wilbur asked whether the price trigger would be in place for an entire year. Mr. Kwok said the \$200 price trigger would start in May, 2019 through April, 2020. Ms. Campbell said the \$100 price trigger would take effect in May, 2020, following the December, 2019 DR auction.

In addition to modifications to the standby notice and activation process, the proposed amendment also adds Demand Response resources to the EOSCA list under Chapter 7, section 19.2.4 of the market rules. Mr. Wilbur noted an inconsistency in italicization of the phrase 'DR Resources' in section 19.4.4. Josh Duru, IESO said the text would be corrected.

Ms. Campbell invited further questions on the proposed amendment. Ms. Griffiths said stakeholders and IESO staff had spent some time working to find the right mix of mechanisms, and the recommended approach had emerged as the best available option. She stressed the importance of changing existing programs carefully and incrementally and getting the new rules right from the outset, to minimize stress on customers.

The Technical Panel voted unanimously to post the draft amendment for stakeholder comment for a two-week period ending June 7, 2018.

Agenda Item 6: Regulated Settlement—Deletion of Rural and Remote Settlement and Debt Retirement Charge	
Presenter	Rebecca Short
Action	Review Amendment Submission MR-00434-R00 and vote on whether to recommend it to the IESO Board for consideration at its June 13, 2018 meeting, with a recommended effective date of July 6, 2018.

Rebecca Short, IESO recapped past discussion on the proposed rule amendment. Pursuant to the vote at the April Technical Panel meeting, the IESO posted the draft for stakeholder comment for two weeks, and received none. She recommended that the Panel vote on whether to put the amendment forward to the IESO Board for consideration at its June 13, 2018 meeting, with a recommended effective date of July 6, 2018.

There were no questions or comments on the presentation.

The Technical Panel voted unanimously to recommend the amendment for Board consideration, with no clarifying or elaborating comments.

With no other business to discuss, the meeting adjourned at 10:32 AM.

Action Item Summary			
Date	Action	Status	Comments
May 22, 2018	IESO to share membership of the Energy Storage Advisory Group with the Technical Panel	Open	
January 23, 2018	The IESO will investigate the Technical Panel’s request for more in-camera sessions.	Open	
December 1, 2015	The IESO will provide an update to the Panel regarding the potential timelines and impacts of changing the reference to the OPA within Chapter 1 of the General Conduct Rule.	Open	