

# IESO Technical Panel Meeting

## Minutes of Meeting

<b>Date held:</b> August 14, 2018		<b>Time held:</b> 9:00 am	<b>Location held:</b> IESO Office, Toronto
<b>Invited/Attended</b>	<b>Sector Representation</b>	<b>Attended; Regrets</b>	
Robert Bieler	Consumer	Present	
Ron Collins	Energy Related Businesses and Services	Present	
David Dent	Other Market Participant	Present	
Sarah Griffiths	Other Market Participant	Present	
Robert Lake	Residential Consumer	Present	
Phil Lasek	Industrial Consumer	Present	
Sushil Samant	Generator	Present	
Joe Saunders	Distributor	Present	
Jessica Savage	IESO	Present	
Bill Wilbur	Generator	Present	
Julien Wu	Wholesaler	Present	
Bing Young	Transmitter	Present	
Michael Lyle	Chair	Present	
<b>Observers / Presenters</b>			
Ioan Agavriiloai	IESO	Present	
Jo Chung	IESO	Present	
Warren Hill	IESO	Present	
Joseph Ricasio	IESO	Present	
Angeli Jaipargus	IESO	Present	
Observers			
<b>Secretariat</b>			
Reena Goyal	IESO	Present	
Jason Grbavac	IESO	Present	

## **Agenda Item 1: Introduction and Administration**

### Chair's Remarks:

The meeting agenda was approved with no comments, questions, or additions.

The Chair asked for a revision on page 5, line 4 of the minutes of the last meeting, where Mr. Hill stated that capacity exports “may be denied.” The minutes were approved as amended.

The Chair noted that the meeting would be followed by an in-camera session to address governance and decision-making, reflecting recent stakeholder discussions about decision-making processes for Market Renewal, and more generally for the market rules and market manuals. Facilitated discussions were also scheduled to take place the following day, during the Market Renewal Working Group meeting, and at the Stakeholder Advisory Committee the following week. An advisory group on governance and decision-making will be selected by the Board at its August 29 meeting, work through the fall, and report back to the Board with recommendations by the end of the year.

The Chair noted that this would be Mr. Wilbur's last meeting as a member of the Technical Panel and acknowledged his service, to both the Panel and the electricity sector. Nominees for a generator and consumers representative have been submitted to the IESO Board for approval at its August 29 meeting.

## **Agenda Item 2: Stakeholder Engagement Update**

Jason Grbavac, IESO, referred participants to the update in the meeting materials. He noted that various engagements related to the Market Renewal process are approaching the high-level design phase, and will be subject to an eight-week review period. Details of those initiatives and the related engagements will be made available to the Panel in the near future.

Ms. Griffiths asked whether the engagements to which Mr. Grbavac had referred included the high-level design for the Single Schedule Market. Mr. Grbavac said that design was scheduled for a September 25 release, followed by several touchpoints with stakeholders. After the eight-week review is complete, the IESO will post a final high-level design, then work with stakeholders to determine details. The same process will apply to the Day-Ahead Market and Enhanced Real-Time Unit Commitment, both scheduled for release at the end of the year, and the Incremental Capacity Auction, which will appear in March or April, 2019.

Mr. Samant noted the interactions among the various processes and asked whether the IESO had considered publishing a single design document for the Single Schedule Market. Mr. Grbavac explained that the high-level design for the Single Schedule Market won't be completed until the other two Market Renewal initiatives have gone through their eight-week review periods.

<b>Agenda Item 3: Capacity Exports</b>	
Presenter	Jo Chung, Warren Hill
Action	Vote on whether to recommend MR-00420-R00-R01-R02 to the IESO Board for consideration at its meeting on August 29, 2018.

Jo Chung, IESO, recalled that Panel members had agreed in June to publish the Capacity Export recommendations for stakeholder review and comment. The one comment received, from Ontario Power Generation regarding congestion management settlement credit treatment, was included in the information package with the IESO's response. He drew members' attention to one change to the amendment proposal in the settlements package (R01), clarifying that the IESO may withhold or recover real-time and day-ahead generation cost guarantees for called capacity exports, and distribute any recovered payments to market participants in accordance with section 4.8.2 of Chapter 9. The IESO is recommending that the Panel recommend the full set of Capacity Export rules to the Board for consideration at its August 29 meeting.

Warren Hill, IESO, delivered a presentation that included an update on the stakeholder engagement process on Capacity Exports, and overview of market manual changes and examples on the transmission outage portion of the package.

Mr. Samant asked if the Panel was voting on all three amendment proposals (R00, R01, R02). Mr. Chung said members would be asked to vote on the three amendments at once, but would be welcome to comment on each one individually.

Mr. Lake asked whether the market rules included a reference to force majeure. Mr. Hill said the definition of outages is included in the market manuals, but that force majeure is a different concept.

Mr. Samant referenced the bullet on slide 7 which summarized TP member comments to see market manual content prior to a TP vote to recommend the market rules. He noted that details on the manual content had only been circulated the previous Thursday, and asked whether the content had been sufficiently stakeholdered. Mr. Hill explained that there would be further stakeholdering during the pending changes process, and that members of the capacity exports stakeholder engagement were notified when Technical Panel materials were posted.

Mr. Wilbur noted on slide 12 (CMSC treatment) that OPG's was suggesting that CMSC could be reduced to an amount lower than the normal formula would dictate, and suggested that as a compromise position. The IESO replied that the example was not relevant to the current discussion. Mr. Wilbur said OPG was trying to point out that there was some precedent of limiting CMSC in the past. He indicated that he would vote in favour of the market rule amendments, despite some minor disagreements, noting that capacity exports as a whole are good for generators.

Mr. Samant asked what would happen if a vote did not proceed, and whether the capacity exports pilots would continue. Mr. Hill said the purpose of the pilot had been to gain experience with capacity trade and exports, support program design, and identify emerging issues. However, pilot projects are not open ended and must end. Jessica Savage, IESO, said the capacity exports initiative is at the point where more rigour around the process and codification of how everything works is required within the market rules. Mr. Samant asked whether the Technical Panel vote could be delayed one more meeting to allow stakeholders more time to digest the transmitter outage related market manual information. Ms. Savage said that would depend on the terms and timing of the next call for auctions in neighbouring jurisdictions. Mr. Hill indicated that there may be a potential opportunity in the New York auction at the end of September.

Mr. Dent noted Mr. Hill's point, on page 9 of his presentation, which indicated capacity exports are already ineligible for CMSC in most circumstances, and asked under what conditions they would be eligible. Mr. Hill explained that, in the absence of a market rule amendment, CMSC would be paid constrained-off CMSC under certain circumstances.

Mr. Bieler asked whether another jurisdiction would be permitted to import capacity from Ontario just because it was more economical/ less expensive than local generation. Mr. Hill replied that capacity exports are to be called strictly for reliability reasons, , and not to be called on an economic basis.

Mr. Wu commented that at the last Panel meeting, there was a lot of discussion regarding the transmission outage rules, and he asked Mr. Young whether he had any remaining concerns. Mr. Hill said the outage management groups from the IESO had met with Hydro One on one occasion, and that a number of calls and emails went back and forth. The IESO also conferred with one generator during the drafting of the market manual content.

Mr. Young acknowledged the opportunities for input that had been made available to Hydro One's planning and operating groups, and thanked the IESO for advancing its work on the market manual revisions. He said he would support the proposed market rule amendments, and identified a couple of items that might require refinement, including a common understanding of "connection facility" and scope of what is deemed "reliability."

Mr. Samant asked how a market participant would interact with at Hydro One. Mr. Hill said an outage information slip can be filed through CROW such that Hydro One can see it, and that the market participant could also contact their Hydro One account representative. Mr. Young said market participants can contact Hydro One early in the process, and start discussions with their Hydro One account representative.

Ms. Griffiths asked whether the timeline on page 20 of the presentation was included in the market manuals. Mr. Hill said the information was not represented in that form, but that the timeline reflected the cumulative result of the steps outline in the manuals.

Mr. Young suggested that the market manuals include examples of the most typical connection arrangements, with an indication of the facilities that are deemed to be affected or not, along with logistical details on who talks to whom and in what sequence. Mr. Hill said the sequencing would be reflected in the manuals.

Ms. Griffiths asked whether there was any risk that Hydro One would face too many capacity export requests, and would only be able to get through half of them due to internal constraints. Mr. Hill said that this was theoretically possible, and pointed to the importance of contacting Hydro One as early as possible on any proposed capacity exports.

Mr. Young noted that the Ontario system would be facing a considerable work program, involving significant upgrades to existing facilities. Temporarily replacing the output from those assets may require significant outages for longer periods of time. In that situation, he said, the details will matter. So it will be important for generators to advise Hydro One of possible capacity exports as soon as possible, and for Hydro One to convey its own requirements in turn. Mr. Bieler noted that the maximum advance period for submitting capacity exports to the IESO for review is six months. Mr. Hill said the minimum is 15 weeks. Mr. Hill clarified that a maximum commitment period of 12 months is theoretically possible, although 6 months or less has been the norm under the pilot.

Mr. Young said timing might be a factor in generators' ability to deliver on capacity exports, since a connection facility might be out of service closer to the actual commitment period. Mr. Ricasio, IESO said that in cases where a generator can connect to two lines/circuits, that there should not be an issue. Mr. Young asked if there is a line, and an outage is approved in advance, and later a forced outage disconnects the switch, whether that outage would be revoked. Mr. Ricasio said if the outage is not for reliability, that it would be revoked. Mr. Hill responded that currently, the IESO will revoke outage approvals under similar circumstances if the outage puts the grid into a negative adequacy situation. There is a need to work through some details, but revoking outages is not strictly due to capacity exports – it is part of our normal process. Mr. Young reiterated that there are a number of scenarios, and the importance of ironing out those details in the market manuals.

Mr. Samant asked when the proposed market rules would become effective. Ms. Savage responded the targeted effective date of market rules and market manuals is in November, 2018. Mr. Samant noted that would be in time for the NYISO's summer capacity market. Ms. Savage said the effective date for the rules would depend on the availability of the market manual provisions, since the rules reference the manuals.

Mr. Samant asked what the stakeholdering plan was for the market manuals. Mr. Hill responded that manuals would be stakeholdered through the pending changes/baseline process. If there is a need for further discussion on manual content, the IESO will consider holding a subsequent stakeholdering session. The Chair said the market manuals could be brought back to the Technical Panel as information. Ms. Savage added that it would be appropriate to continue to stakeholder the manuals through the pending changes process, and

use the capacity exports stakeholder engagement, in this particular example, to work through the details.

Mr. Samant said he had originally planned to vote against recommending the draft amendments for IESO Board consideration, based on additional generator obligations in the market manual revisions that he hadn't had sufficient time to fully consider. Based on Mr. Hill's presentation, however, he said he was confident there would be time to address those issues before the rules take practical effect in summer 2019, and that he would therefore support the amendments.

Mr. Wilbur asked what the further stakeholding process for market manuals would entail. Ms. Savage said the posted draft could be supplemented by engagement and discussion with stakeholders within the capacity exports engagement. Mr. Hill noted that the process would ultimately have to work well for generators, Hydro One, and the IESO. While it might not be the case that everyone gets everything they want, he said the intention would be to arrive at a package that works for all.

At Mr. Lake's request, Mr. Hill summarized the IESO's experience with the capacity exports pilot project, dating back to the winter of 2015/16.

Mr. Lasek asked whether an industrial site, such as an 85-megawatt cogeneration facility, would be able to export power under the capacity export rules. Mr. Hill said the rules would apply to any registered generation facility in Ontario that was not intermittent, but did not apply to demand response.

#### Technical Panel Vote and Comments

The Technical Panel unanimously recommended the amendment proposals for IESO Board approval. Panel members provided the following rationales in support of their votes:

Mr. Wilbur commented that generators are in support of having the ability to export capacity. In spite of minor disagreements on some aspects of the proposed implementation, capacity exports as a whole are positive for the generator community.

Ms. Griffiths was appreciative of the extra work done by the IESO to bring the requested market manual content to the Technical Panel.

Mr. Dent commended the IESO for creating an innovative capacity exports process in Ontario.

Mr. Lake commented that the capacity exports process and corresponding rules appeared fair to all market participant classes involved.

Mr. Samant indicated that he initially had concerns regarding the limited time to review draft market manual content (related to transmitter outages) prior to the Technical Panel vote. However, since the proposed market rules won't go into effect until November following



further stakeholdering of market manuals, he felt comfortable enough to vote in favour of recommending the rules for IESO Board consideration.

Mr. Bieler commented that the capacity exports mechanism appears to achieve the intended objective of providing generators with the opportunity to earn additional revenues while giving the IESO sufficient control to manage the reliability interests of Ontario.

Mr. Saunders commented that capacity exports strike a good balance for all parties involved and is a good step forward for the market.

Mr. Wu commended the IESO for providing comprehensive drafts of proposed market rule amendments and supporting material. He noted the need for a strong governance process to ensure the capacity exports process works as intended, as different jurisdictions will need to closely collaborate in capacity exports' execution. In addition, governance will need to be carefully considered within the Single Schedule Market design stakeholdering process of the Market Renewal Program, since exported capacity will be delivered to the buyer jurisdiction via the Energy market. A credible and transparent governance and dispute resolution process is critical for both regulators and participants to collaborate in the increasingly complex electricity market. Without a robust and credible governance and dispute resolution process, participants would turn to costly litigation to resolve disputes. Such legal fees will then be reflected in market prices and eventually passed on to rate-payers.

The Chair thanked Mr. Hill for his perseverance, and Mr. Samant acknowledged the very difficult task he had undertaken. Mr. Hill extended those thanks to his entire team.

**Agenda Item 4: Other Business**

The meeting adjourned at 10:18 AM.

Action Item Summary			
Date	Action	Status	Comments
January 23, 2018	The IESO will investigate the Technical Panel's request for more in-camera sessions.	Complete	30 minutes will be added to the end of each TP meeting to conduct an in-camera session
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	