

REVIEW OF TECHNICAL PANEL PROCESSES AND COMPOSITION

June 25, 2019

Areas of the Review

- Technical Panel Composition
- Technical Panel Processes
 - Interaction with Stakeholder Engagements
 - Rule Amendment Process to support Technical Panel meetings
 - Interaction with the IESO Board
- Jurisdictional Scan
 - Analysis of the rule-making process in six North American Independent System Operators
 - All ISO's have differing governance structures. This scan was completed to gain understandings of different practices, recognizing that current statutory requirements and structures in Ontario will persist

Context

- Advisory Group on IESO Governance and Decision-Making

“Review and potentially revise Technical Panel composition and process to avoid duplication with stakeholder review of the market rule amendment proposal and draft market manual content in a preceding engagement”

- Rule Amendment Content

- Transitional Capacity Auction, Market Renewal include multiple rules across multiple chapters whereas in recent years, packages have typically been more specific, and more contained

- Previous Technical Panel review completed in 2015

- Membership has almost completely changed since 2015
- Ontario electricity marketplace continues to evolve with new technologies and new players

TECHNICAL PANEL COMPOSITION

Areas of Investigation

- Representation
 - Does the current composition cover an appropriate amount of interests in the marketplace?
 - Is there an appropriate balance of market participants and other interests (e.g. low volume consumers)
 - Does your role as a member allow you to bring both individual and sector-wide interests?
 - Do members feel the orientation provided by the IESO is sufficient to understand and be able to perform their role?
- Member Qualifications
 - Should the IESO seek to ensure that specific skillsets are represented on the Technical Panel when appointing members within the existing 'representation by sector' model (e.g. professional engineer, financial designation, legal, economics)

Areas of Investigation

- Membership
 - The current Technical Panel composition includes 7 core market participant members and between 3-5 additional members that reflects the needs of Ontario's changing electricity sector
 - Does the current size of the Technical Panel allow for appropriate discussion?
- Recruitment of Members
 - Technical Panel membership requires knowledge of the market rules, Ontario electricity system and the ability to represent a specific sector
 - Are there additional channels the IESO should consider to recruit prospective members when vacancies occur?
 - For example, per the recommendations in the governance report, the IESO is now including the Market Development Advisory Group as an additional communication channel to recruit new TP members

TECHNICAL PANEL PROCESSES

Interaction with Stakeholder Engagements

- Context: Draft market rules and selected market manual content will now be reviewed at stakeholder engagements before being presented to Technical Panel
 - The 2015 Technical Panel review eliminated the need for a market rule amendment proposal to ‘warrant consideration’ if the design had been included in a formal stakeholder engagement initiative
 - This part of the review considers how/if the Technical Panel processes should change to avoid duplication with the current Technical Panel vote to post for stakeholder comments

Interaction with Stakeholder Engagements

- Given that the relevant stakeholder engagement will now see draft market rules and market manuals prior to TP review:
 - Should there be a broader public posting of draft rules as part of the engagement process?
 - Should there be more specific parameters if Technical Panel requests to post for additional stakeholder review and comment?
 - Should Technical Panel members who participant in stakeholder engagements be asked to provide specific insights on the review of the draft rules in the engagement process

Rule Amendment Process to Support TP Meetings

- The Technical Panel Terms of Reference is the main framework to guide member discussions through the market rule amendment process
 - Do members require more upfront support and education on the options available when considering market rule amendment proposals?
 - Do members have appropriate information available to them to make decisions, whether through the market rules, Terms of Reference, or in the materials provided by the IESO?
 - Are there areas of support that members require, that are not currently available?
 - Do the terms of reference clearly articulate on what basis members should evaluate a proposed MRA?

Interaction with IESO Board

- Recommendations through the Advisory Group on Governance provided additional transparency into the materials sent to the IESO Board on market rule amendment proposals
 - All materials sent to the IESO Board are now posted to the Proposed Market Rule Amendment [webpage](#) in advance of Board meetings
 - Board decisions on market rule amendments will also be posted
- Technical Panel members currently provide and confirm their rationale before it is included in the Board material
- The Board meets annually with Technical Panel

Next Steps

- Technical Panel members are asked to follow up with written comments by July 9
- Consult with Market Development Advisory Group on Technical Panel composition
- IESO will bring draft recommendations to the August Technical Panel meeting for discussion that incorporates and responds to member feedback
 - Changes to the Technical Panel Terms of Reference require a vote to post for stakeholder review and comment and a majority vote of the Technical Panel to approve
 - Changes to market rules or market manuals would go through normal processes

APPENDIX: JURISDICTIONAL SCAN

Independent Electricity System Operator (IESO)

- Market Rule amendment submitted to IESO
- Market rule amendment review by the **Technical Panel**
 - Technical Panel consists of 10-12 members appointed by IESO Board through a nomination process
- Commenting on a rule amendment under consideration
 - Written comments on a rule amendment submission, proposed amendment or recommended amendment can be sent to IESO staff.
- **Technical Panel** determinations on a market rule amendment submission
 - The Technical Panel will submit its recommendations for amendments to the market rules to the IESO Board for approval.
- IESO Board decides on rule amendment
 - The IESO will publish the IESO Board's decision and give notice of the amendment to market participants and the Ontario Energy Board (OEB).

Alberta Electric System Operator (AESO)

- When the AESO identifies an issue, or receives a proposal that requires the development of a proposed rule, the AESO must issue written notice to the Market Surveillance Administrator, market participants, and other interested parties prior to developing a proposed rule and must post the notice on the ISO's website.
 - Within 5 business days, AESO must post comment and written response
- The AESO publishes the ISO Rule Proposal form and any related information on its website.
 - The AESO considers each ISO rule proposal and may request additional information from a proponent.
- The AESO makes a determination as to whether the ISO rule proposal requires the development of a proposed ISO rule.
- The AESO notifies the proponent of its determination and publishes its determination on its website.
 - All comments received must be posted within 15 days with written responses
- The AESO lastly applies to the Alberta Utilities Commission for approval of proposed rule.

California ISO (CAISO)

Business practice manuals (BPMs) provide detailed rules, procedures and examples for the administration, operation, planning and accounting requirements of the California ISO and the market that are consistent with the ISO tariff.

- Proposed Revision Request (PRR) submitted to the CAISO
- Upon CAISO acceptance, PRR becomes public and 10-business day comment period starts
- Regularly occurring monthly **BPM Change Management meetings** are held to discuss pending BPM PRRs with all interested stakeholders
- Recommendation - CAISO recommendation issued on PRR
 - CAISO **BPM Change Management Coordinator** prepares and issues recommendation
- Comments on Recommendation - 10-business day comment period open on recommendation
- Stakeholder Meeting on Recommendation - PRR recommendation and comments reviewed
- Final decision posted and BPM updated as required.
 - The BPM Change Management Coordinator posts a final decision regarding approval or rejection of a BPM PRR within two Business Days after the final decision.

New York ISO (NYISO)

The **Operating Committee**, which consisting of market participants, has a significant say in establishing priorities for NYISO. The responsibilities of the Operating Committee include:

- Establishment of procedures related to the coordination of the operations of the NYS Power System
- Establishment of procedures related to the safe and reliable operation of the NYS Power System
- Ensuring that all ISO rules, procedures and practices are consistent with the Reliability Rules, and serving as liaison to the New York State Reliability Council (NYSRC).
- Procedures adopted by the Operating Committee will be implemented by the staff of the ISO unless suspended or overruled by the Management Committee or the Board. In carrying out its responsibilities, the Operating Committee shall seek input and recommendations from ISO staff.
- 5 business days notice for all agenda items must be given prior to a meeting of the OC
- Changes approved by OC take effect 30 days after OC final vote.
 - 58% of votes are required to pass an amendment. Votes are allocated by market sectors.

Electric Reliability Council of Texas (ERCOT)

- When a Nodal Protocol Revision Request (NPRR) is submitted, ERCOT posts the NPRR on the ERCOT website and distribute to the **Protocol Revision Subcommittee** (PRS) within three Business Days for a 14 day comment period.
 - For any ERCOT-sponsored NPRR, ERCOT also posts an initial Impact Analysis on the ERCOT website, and distribute it to PRS.
- The **Protocol Revision Subcommittee** (PRS), which is accountable to the **Technical Advisory Committee** (TAC), is responsible for reviewing and recommending action on formally submitted PRRs.
- The TAC makes recommendations to the (ERCOT) Board as it deems appropriate or as required by the Board.
 - TAC is comprised of Representatives of Members from each Market Segment as defined in the ERCOT Bylaws: Independent Retail Providers (and Aggregators), Independent Generators, Independent Power Marketers, Municipals, Cooperatives, Investor Owned Utilities, and Consumers. The Corporate Members of each Segment are responsible for electing or appointing their Representatives to TAC.
- Upon board approval, Revised Protocols are filed with the Public Utility Commission of Texas

ISO New England (ISO-NE)

- The **Markets Committee (MC)** is a standing **Technical Committee** of the New England Power Pool (NEPOOL). The MC is responsible for:
 - Advising ISO New England on the rules and procedures that govern the operation of the region’s wholesale electricity markets;
 - Recommending action by the **Participants Committee** and may act on its behalf when necessary
 - The Participants Agreement formalizes the collaborative process between ISO New England, New England Power Pool (NEPOOL) participants, and individual market participants that are not members of NEPOOL. This process allows these stakeholders to have input on issues affecting system operations, markets, and planning.
- After an amendment is approved by the MC, the **Participants Committee** will review and vote on any proposed Market Rule changes before going to the ISO NE board for final approval.
 - The New England Power Pool (NEPOOL) Participants Committee (PC) is the principal governing body through which the members of NEPOOL act as an organization.
 - Participants Committee must meet within 35 days of the submission of the proposal and a vote of 60% is required to approve a Market Rule Change.
- Upon approval by the board, notice shall be provided to the Commission.

PJM Interconnection LLC (PJM)

- The **Markets and Reliability Committee** (MRC) ensures the continuing viability and fairness of the PJM markets as well as the reliable operation and planning of the PJM grid. The MRC:
 - works with PJM and other committees on matters related to the reliable and secure operation of the PJM system, assures the continued ability of member organizations to operate reliably and economically,
 - ensures the fairness of PJM markets, and
 - reviews proposed changes to the rules and procedures of the Operating Agreement and Manuals.
- PJM posts draft governing document revisions for stakeholder use on a governing document focused page on PJM.com.
- Motions passed by the MRC go to the **Members Committee** for vote/approval.
 - 2/3 votes are required to pass a motion
 - Members are elected to MC to represent a market segment
- Once approvals are made by the MC, items go for PJM board approval
 - changes come into effect on either January 1st or June 1st each year.