

TransCanada

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February 11, 2017

Independent Electricity System Operator
Attention: Stakeholder Engagement
120 Adelaide Street West
Suite 1600
Toronto, ON M5H 1T1

Attention: Stakeholder Engagement:

**RE: Market Renewal Working Group: January 20, 2017 Materials
TransCanada Energy Ltd. Written Comments**

TransCanada Energy Ltd. ("TCE") would like to thank the Independent Electricity System Operator ("IESO") for the opportunity to comment on the Market Renewal Working Group materials as presented at the January 20th session.

Governance

In light of market renewal and its impacts on the future of Ontario's wholesale electricity market, it is encouraging that the IESO is re-examining the governance structure for Ontario's wholesale electricity market and whether any changes should be undertaken in light of this initiative.

The IESO has taken an important first step in engaging Navigant to complete a governance jurisdictional scan. This session was beneficial in providing working group participants a high-level overview of other governance structures; which will be useful when more exhaustive conversations will be held on this issue. TCE would recommend that the IESO and Navigant also provide the materials from this information session to the broader stakeholder group prior to the start of any in-depth discussions.

Specific to Navigant's slide deck on the jurisdictional scan, TCE would request the following:

- A governance scan of other Canadian provinces which have wholesale electricity markets, particularly Alberta; and,
- On slide 41, adding a row to the summary chart specifying which body ultimately approves market rules (i.e. ISO, other regulatory body, tribunal etc.)

On governance in general, TCE would like to echo some of the comments that were highlighted at the session. Specifically, if market renewal is to be sustainable over the long-term, a more effective governance structure needs to be established. In TCE's view, there is a need to review and address the market rule amendment process (MRA). For the same reason we are looking at renewing our wholesale electricity market, we need to review the MRA process as it too may not be the most appropriate framework given where we are at today and where we want to go with market renewal.

Stakeholder Engagement Structure

As the market renewal initiative is not your "typical" initiative (in that this is a complete redesign of our wholesale electricity market), it needs to be recognized that more time and effort on the parts of both the IESO and market participants will be required. Therefore, TCE suggests that the IESO ensure it has the right representation of market participants on the market renewal working group, any future (if any) sub-committees and the broader stakeholder forum overall and provide meeting schedules in advance so all interested parties can plan for these important consultations.

As to the best way to move this initiative forward, this can be challenging due to the sheer scope of the entire project. However, from past experience, TCE has found that the Enhanced Day-Ahead Commitment (EDAC) initiative functioned effectively, specifically that both the IESO and participants were instrumental in drafting the market rules before they went to the Technical

Panel. Having a collaborative approach in drafting market rule amendments and manuals at the SE level will undoubtedly lead to less opposition at the TP level when it is introduced.

Should you have any questions regarding this submission, please do not hesitate to contact the undersigned.

Sincerely,
TransCanada Energy Ltd.

Submitted Electronically

Margaret Kuntz
Regulatory & Market Affairs