

Market Renewal Working Group

December 14, 2018

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Agenda

9:00 am – Welcome, Energy and Capacity Update

9:30 pm – Decision-Making Update

9:45 am - Markets Committee Update

10:00 am – Engagement Plan

10:15 am – Break

10:30 am – Preliminary NERSC Findings **(includes working lunch)**

1:00 pm – Break

1:30 pm – NERSC Webinar

RECOMMENDATIONS ON IESO GOVERNANCE AND DECISION-MAKING

Agenda

- Background
- Engagement Scope / Process
- Recommendations
- Implementation

Background

- Through the Market Renewal Working Group and Stakeholder Advisory Committee, stakeholders voiced concerns about current IESO decision-making and governance processes
 - Risk transfer from long term power purchase agreements to IESO market rules
 - Limited recourse for market participant challenges to market rules and manuals developed for market renewal

Initiative Scope

- The following areas of focus were established as in scope for the initiative:
 - IESO market rule amendment process
 - IESO market manual amendment process
 - IESO dispute resolution process (as outlined in the market rules)
- Decision-making authorities were out of scope
 - The IESO Board would retain authority for making market rules
 - IESO management would retain authority for amending market manuals
 - No change to OEB authorities

Engagement Approach

- Use of an independent third party facilitator (Karla Reesor, Moving Forward)
- Direct engagement with SAC, TP, MRWG and open meeting to solicit broader feedback
- Creation of a Board-appointed advisory group to inform IESO recommendations
- A public engagement [webpage](#) that contains all materials, stakeholder feedback, recommendations and the Board decision

Recommendations

- The IESO drafted 14 recommendations to address in-scope stakeholder feedback heard throughout the engagement process
- The recommendations intend to meet the identified objectives of transparency, consistency and inclusivity

Recommendations-Enhanced Transparency

- 1) Publicly post all market rule amendment proposal materials for submission to the IESO Board prior to the meeting, subject to limited exceptions. Such limited exceptions may include redactions for legal privilege, commercial sensitivity, or security, to protect sensitive information
- 2) Publicly post written reasons for the IESO Board's decision in respect of a market rule amendment proposal, with the authorizing Board Resolution

Recommendations cont.

- 3) Publicly post all stakeholder feedback on draft market manual amendments, and the IESO's response to the feedback
- 4) Publicly post historical market manual *baselines* to the IESO website, on a reasonable efforts basis. Going forward, update the publicly accessible chronology of market manual amendments with each *baseline*
- 5) Introduce guidelines that clarify the distinction between market rule content and market manual content

Recommendations-Enhanced Inclusiveness

- 6) Where market manual changes are required to support a market rule amendment, determine whether draft market manual content should be provided to stakeholders for review as part of the engagement process
- 7) For each market rule amendment proposal, consult stakeholders and request feedback on the draft market rules as part of the engagement phase. Following the engagement, a summary of stakeholder feedback would be submitted to the Technical Panel and the IESO Board
- 8) Review and potentially revise Technical Panel composition and processes

Recommendations cont.

- 9) Introduce a new stakeholder Markets Committee that would be expected to contribute to the overall success of market initiatives by providing advice, guidance, and support for the development of electricity markets in Ontario.
- 10) Fund low volume-consumer representation and participation in stakeholder engagements. Consult the Markets Committee on the recruitment of low volume consumer representatives.
- 11) Consult the Markets Committee on the recruitment of new Technical Panel members, including the knowledge and expertise informing the desired candidate profile
- 12) Consult the Markets Committee on the recruitment of new Dispute Resolution Panel members, including the knowledge and expertise informing the desired candidate profile.

Recommendations-Enhanced Market Participant Remedies

- 13) Amend the dispute resolution provision in the market rules to provide the market participant/ applicant (in a dispute), with selection and veto rights as concerns the appointment of a mediator, arbitrator or panel of arbitrators from the list of Dispute Resolution Panel members (to the extent this right does not already exist).
- 14) Continue to be receptive to introducing new mechanisms for market participant redress in the market design. The market renewal design engagements are currently exploring new mechanisms as part of the High Level Design process and will continue to identify and refine potential new mechanisms in the Detailed Design process.

Implementation of the Recommendations

- An action plan will be created to address the recommendations which could involve changes to:
 - Market rules and market manuals
 - The governance & structure by-law
 - Internal IESO processes
 - Engagement forums: changes to Technical Panel Terms of Reference; new Markets Committee
 - IESO public website

MARKETS COMMITTEE UPDATE

Introduction

For this agenda item we will discuss:

- Planned work items for the Markets Committee in 2019
- Other potential work items or areas of discussion for the Markets Committee

Planned Work Items

The following are planned work items or areas of discussion for the MC in 2019:

- Development of Markets and Acquisitions Work Plan for 2020
- MRP Business Case
- Unresolved MRP design decisions and MRP status updates
- Interim capacity needs
- Acquisition of other system needs (i.e. Ancillary Services etc.)
- MSP recommendations:
 - Transmission rights clearing account
 - Transmission rights review
 - Intertie review

Potential Work Items

The following are potential additional work items or areas of discussion for the MC:

- Market outcomes including but not limited to:
 - NERSC follow-up
 - Negative pricing
 - Operability, flexibility and 30 min OR
 - Linkages to contracts and regulatory frameworks and the market
- Linkages to other initiatives:
 - DERs and minimum resource size and resource aggregation
 - Integrating storage (alignment with ESAG)
- Future Market Surveillance Panel recommendations

What other work items should be considered?

ENGAGEMENT UPDATE

Energy Engagement Plan – Detailed Design

Structure:

1. Design Forums (Five)

- Price Formation
- Market Power Mitigation
- Settlements
- Market Participation
- Scheduling and Dispatch

2. MRP Energy – Updates

- These updates look at the energy stream from a higher level to: 1) inform stakeholders as to what will be discussed in the various design forums 2) address any issues or seams emerging from the design forum discussions and 3) review draft market rule amendments and draft market manuals, when available.

Energy Engagement Plan – Detailed Design

Design Forums are structured in a manner to attract stakeholders with expertise in particular topic areas to support the development of design decisions for the detail design document.

- Based on this structure, does the approach work for you and your organization to participate effectively?
- Any suggestions to improve your interaction?



Wrap-up

- **Thank you** for your time and participation this year
- DAM and ERUC HLDs to be published before year end
- Any final comments or questions?