

# Market Renewal Working Group

## August 14-15, 2017

### Meeting Summary

All meeting material is available on the IESO web site at:

<http://www.ieso.ca/en/sector-participants/market-renewal/market-renewal-working-group>

<b>Date held:</b> August 14, 2017	<b>Time held:</b> 10 - 4 p.m.	<b>Location held:</b> St. Andrew's Conference Centre Four Points Sheraton	
<b>Invited/Attended</b>	<b>Company Name</b>	<b>Attendance Status</b> Attended (A); On the Phone (P)	
		Aug. 14	Aug. 15
Abdelnour, Francois	IVACO	A	A
Anderson, Colin	AMPCO	A	A
Agavrioloai, Ioan	IESO	A	A
Basile, Anthony	Navigant		P
Belanger, Frederic	HQEM	A	A
Butler, JoAnne	IESO		A
Butters, Dave	APPRO	A	P
Chapman, Tom	IESO	A	A
Clipsham, Paul	CME	A	P
Coulbeck, Rob	Goreway	A	P
Degelman, Cara	Resolute Forest Products	P	P
Diebel, Sarah	IESO		A
Dottori, Paul	Tembec	A	
Ellard, Barbara	IESO	A	A
Farmer, Chuck	IESO		A
Forsyth, David	Gerdau	P	A
Griffiths, Sarah	EnerNOC	A	A
Hartland, Mark	IESO		P
Kelly, Brandon	Market Surveillance Panel	P	P
King, Ryan	IESO	A	A
Kula, Leonard	IESO		A
Kuntz, Margaret	TransCanada	A	A
Lasowski, Frank	Milton Hydro	P	P
Louw, Brennan	IESO	A	A
Movchovitch, Emanuel	IESO	A	
Matsugu, Darren	IESO	A	A
Nusbaum, Stephen	IESO	A	A
Rioux, Jason	NRSTOR	A	A
Samant, Sushil	Northland Power		

<b>Date held:</b> August 14, 2017	<b>Time held:</b> 10 - 4 p.m.	<b>Location held:</b> St. Andrew's Conference Centre Four Points Sheraton	
August 15, 2017	Noon – 4 p.m.		
Invited/Attended	Company Name	Attendance Status Attended (A); On the Phone (P)	
		Aug. 14	Aug. 15
Sapona, Ingrid	IESO	A	A
Sachs, Matthew	Peak Power		A
Singh, Vikram	Alectra	A	A
Subramaniam, Hari	Opus One Solutions		P
Tanner, Matt	Navigant	P	P
Tuck, Jennifer	NextEra	A	A
White, Adam	Power Consumer	A	A
Wizniak, Lynn	OPG	A	A
Wu, Julien	Brookfield	P	A
Scribe: Ingrid Sapona ( <a href="mailto:Ingrid.Sapona@ieso.ca">Ingrid.Sapona@ieso.ca</a> ) -- Please report any corrections, additions or deletions by e-mail to scribe.			

## Decisions Reached/Action Items

The MRWG agreed on the following:

1. The IESO will consult with the MRWG and co-chairs to develop the scope for a non-emitting resources sub-committee. The IESO will co-chair the sub-committee with a stakeholder representative. At least one member of the MRWG will be on the sub-committee.
2. Each MRWG member will be allowed an alternate.
3. A governance sub-committee will not be established at this time. The MRWG will look at governance issues as they relate to market renewal program design and committed to get back to the Working Group on providing stakeholders with 'conceptual' rule and manual content before the formal technical panel/baseline processes are initiated.
4. The IESO will draft further revisions to the MRWG Terms of Reference to clarify processes around substantial consensus and the development of sub-committees and will circulate the draft to members for their comment;
5. The IESO will investigate ways to present upcoming meetings in a more user-friendly format to make it easier for stakeholders to manage their schedules (possibly a calendar)
6. Navigant will prepare a memo to frame the DER/LDC integration issue and its relationship to Market Renewal.
7. The IESO will provide a matrix –based on the SSM design tracker to track the design development process for each engagement
8. IESO/Navigant will prepare a first draft of the MRWG report.

## **Introduction, Agenda, Rollcall, and Roundtable – Barb Ellard, IESO**

The IESO welcomed members and reviewed the agenda. Rollcall was taken and attendance noted (see above list).

## **Revised Terms of Reference and MRWG Membership – Barb Ellard and Ryan King, IESO**

In advance of the meeting, several Working Group members provided revisions to the Terms of Reference (ToR) related to:

- member participation obligations, including a process for removal of a WG member if their participation falls below a reasonable standard. The MRWG co-chairs will also reach out to members if their attendance/participation begins to fall.
- the process for, and function of, sub-committees.

The MRWG agreed that the IESO be charged with filling any vacancy via a call for nominations, ensuring there is an appropriate balance of stakeholders represented in the membership.

A member raised the idea of term limits. The IESO suggested that the membership and function of the Working Group could be subject to periodic review but declined establishing hard term limits; the need for review should be dictated by the evolving situation and/or need.

The MRWG agreed that each member could designate someone from their same stakeholder constituency to serve as an alternate; alternates are not mandatory. An alternate could come from a related industry association or be an independent consultant who does paid work for the member.

The Working Group discussed issues and processes related to substantial consensus. A member asked whether the CEO Roundtable would play any role in resolving disagreements. The IESO clarified that the Roundtable will play an important role in fostering strategic discussions and advice at the executive level but would not be part of this process. The idea around substantial consensus (when it is achieved and when it isn't) is to provide much greater clarity and transparency around the decision-making process and the views of stakeholders. The IESO will continue to have the final say in any design decision.

The IESO agreed to clarify quorum requirements for MRWG design discussions (at least three members from each group, in other words, generators, loads, other).

The IESO agreed to revise the Terms of Reference to reflect these changes and will circulate to members for comment.

## **ICA Work Plan – Steven Nusbaum, IESO**

The IESO sought input on managing the ICA work plan, balancing the desire for fulsome stakeholder engagement with the need to ensure the high level design stays on track for delivery by Q2/Q3 2018. Members endorsed the schedule and committed to play a role in encouraging stakeholders keep the process moving forward.

Some members reiterated their desire for a plain language communications piece that clearly lays out the rationale for market renewal, the group's role, and any 'quick wins' that can be identified. The IESO agreed and believes the MRWG Report targeted for this fall could serve this purpose. This document would support communications and outreach to stakeholders and government.

In the discussion, members asked if the IESO can look at developing additional materials/forms to assist in the feedback process, such as tracking documents and feedback forms (similar to what is done at the AESO) and a calendar-style document to help track upcoming market renewal meetings. The IESO committed to taking these requests back.

## **Strategic Issues Problem Statements – Brennan Louw, IESO**

At the July MRWG meeting, the group developed problem statements to help frame various strategic issues related to market renewal. The IESO sought the group's feedback on the draft wording of the problem statements.

In the discussion, the IESO clarified that the intent here is not necessarily to 'solve' each of these issues; for some areas such as DER/LDC integration, the regulatory environment is still unclear, meaning it may evolve in several different directions. The purpose of these statements is to ensure they correctly capture and scope their relationship to market renewal. This will serve as the foundation to develop work plans for each issue

In the discussion, members asked for greater clarification around 'environmental policy' versus policy generally. Some members wanted to understand the implications of singling out certain government policies over others. The IESO responded that there is no hierarchy of strategic issues and that market renewal must be consistent with all government policy. At the same time, issues around climate change and the environment do have unique linkages to market renewal and the electricity sector generally. The IESO also clarified that even absent the concerns expressed by stakeholders, the IESO would likely still have identified the need for a forum to investigate the alignment of this initiative with climate and environmental policy.

## **Subcommittee Process and Terms of Reference Changes – Ryan King, IESO**

The IESO discussed the issue of the form, function, and accountabilities of sub-committees.

There was robust discussion around the impetus for subcommittees. Some members felt that the establishment of a sub-committee could indirectly lead to expanding the scope of market renewal. The IESO tried to clarify the difference between the scope of market renewal versus the need to further investigate certain issues to better understand: a) the nature of the issue, b) the size of the issue, along with some supporting analysis. The IESO noted that the MRWG has already agreed to the need for a sub-committee on non-emitting resources, which as outlined, is a need that would have been identified even absent a formal request from the renewables consortium.

It was agreed that the Working Group should be responsible for setting the scope of work for the sub-committee (one or members could take the lead on making a first draft). The IESO presented some potential areas of focus for the subcommittee (see slide 33). Members suggested also looking at the suggestions on scope (terms of reference) submitted by the renewables consortium.

Sub-committee membership will be open to non-MRWG members but will be co-chaired by one MRWG member and an IESO representative.. Neither the MRWG nor the co-chairs should be involved in membership decisions for the sub-committee; these should be made by the IESO. Sub-committees could be supported by IESO strategic consultants, particularly where further research and analysis is required. A couple of members also suggested notifying the Ministry of Energy and the Ministry of Environment Climate Change to ensure they were aware of the sub-committee.

As an action item, the IESO agreed to consult with the MRWG co-chairs to start to develop a scope for the non-emitting resources sub-committee. These would be reviewed and discussed at the next meeting.

## **Work Plan: Contracts – Emanuel Movchovitch, IESO**

The IESO discussed the relationship between contracts and market renewal and some proposals for how to manage these issues (including suggestion of sub-committee). The IESO pointed out that it anticipates that the vast majority of the changes to contracts will be mechanical. IESO's Contract Management group will continue to participate in MRP design activities to work with stakeholders on understanding contract implications.

The IESO presented a timeline for contract discussions and amendments and noted that it is planning a webinar in late September for market participants. The Working Group agreed to postpone discussion on whether there is a need to consider a contracts sub-committee until later in the process.

Some members were interested in understanding how pricing and commitment changes under SSM and DAM would be translated into the deeming mechanism in Clean Energy Supply (CES) type contracts. The IESO indicated that those contracts spell out how references to the Hourly Ontario Energy Price (HOEP) change under a day-ahead market with Locational Marginal Price (LMP). The IESO intends to follow the prescribed processes in the contracts, but detailed changes can't be debated until the market design is more advanced.

The meeting was adjourned at 4 p.m.

## **August 15, 2017 – meeting resumed at noon**

### **Revised Terms of Reference (ToR) and Decision Making – Ryan King, IESO**

The first session was a continuation of the previous day's look at revision to the ToR with respect to defining "substantial consensus." The members agreed the co-chairs would determine, based on member discussion, whether substantial consensus had been reached. If the co-chairs believe there isn't substantial consensus, the MRWG members will be polled and the vote and reasons for considering alternatives documented. The matter will then be referred to the IESO for consideration and a decision.

### **Governance – Chuck Farmer, IESO**

The IESO proposed a sub-committee to consider governance issues directly related to program design under market renewal. After discussion, the MRWG decided not to form a governance sub-committee at this time. Instead, the MRWG will work through these issues directly. Some members requested being able to review market rule and manual content at the MRWG before the Technical Panel process begins. The IESO agreed to take this back.

### **Work Plan: DER/LDC integration – Brennan Louw**

The MRWG spent some time reviewing problem statements that have been developed by the group related to DER/LDC. They felt that further analysis may be helpful to ensure the statements are framed correctly. The IESO agreed to have Navigant prepare a memo identifying where barriers to LDC/DER integration and market renewal may exist and how they relate to current work streams.

### **Upcoming Design Decisions – Darren Matsugu and Steve Nusbaum, IESO**

The IESO identified design elements within the SSM and ICA workstreams that may be subject to significant debate and disagreement that could result in the issues coming to the MRWG. The IESO sought feedback from the MRWG for suggestions on how these potentially contentious issues might be addressed/managed. The MRWG generally felt that the process

currently in place should be allowed to unfold and that at this point, it's too early to raise possible concerns. Members requested that the IESO put together a matrix or dashboard of the design elements and decisions so that the MRWG could keep track of the process. The IESO agreed to provide such a tool, noting a similar document has been developed in the SSM stream.

### **MRWG Report – Barb Ellard and Brennan Louw, IESO**

Building on the discussion from the previous day the MRWG discussed the objectives for the Report. The intent is that the report could be a tool for MRWG members and the IESO when doing outreach about MR. The IESO had asked MRWG members to think about what strategic messaging should be reflected in the report. The IESO has received some comments (slides 15-21) but is interested in any additional comments/messages. It was agreed that the IESO/Navigant would come up with a draft for discussion.

**The meeting concluded at 4 p.m.**

**The next meeting is September 21, 2017.**