

Market Renewal Working Group

September 20, 2017

Agenda

9:00 am – Introduction, Review of Minutes and Agenda, and Roundtable

- Recap of CEO Roundtable, participation in SEs, final MRWG comments on ToR, other

9:30 am – Discussion of Draft MRWG report

10:45 am – Break

11:00 am – Discussion of Strategic ICA Eligibility Issues

12:00 pm – Lunch

12:30 pm – Consolidated Mission and Objectives

12:40 pm - Introduction to DAM and ERUC

1:40 pm – Setting the Demand Curve and Dispute Resolution: Next Steps

1:50 pm – Introduction to Seams/Interface Issues

2:15 pm – Break

2:30 pm – Scope for Non-emitting Resource Sub-committee

3:00 pm – Wrap Up

MRWG Draft Report

Navigant/IESO have prepared a preliminary draft of the report for MRWG feedback

- Today, Navigant will facilitate a discussion seeking to:
 1. Capture MRWG comments/edits/feedback on the sections of the report that have been drafted
 - *Have the right key messages been included?*
 - *Are they articulated in a way that the group can support?*
 - *Are there additional topics/sections that should be considered?*
 2. More directly represent the views of the MRWG in the document
- Our goal is to work with the MRWG to finalize and publish the report in October/November (we are requesting that any additional feedback on the draft be shared with the IESO and MRWG by Sept. 29)

Strategic ICA Eligibility Issues

- *IESO to lead discussion on strategic considerations related to eligibility for ICA*

Consolidated Mission and Objectives

- As an information item, IESO has circulated a visual capturing mission, objectives, success measures, project goals etc.
- The document is intended to demonstrate how all projects fit together to drive towards our mission for Market Renewal
 - Reflects initial feedback from the MRWG and IESO directors
 - The same objectives, measures, etc. are being used internally and externally
- Finalizing this document will be an iterative process, we would welcome MRWG feedback through written submissions or future discussions
- Today, the focus is on highlighting the goal and workstream objectives for two new stakeholder engagements: DAM and ERUC
 - Any initial feedback from MRWG members on these items would be appreciated

DAM Project

Draft Goal:

Implement a day ahead market framework that incentivizes all resources to fully and efficiently participate in advance of real-time

Applicable Energy Work Stream Objectives:

- Improve real-time operational certainty for market participants and the IESO
- Improve price certainty for market participants ahead of real-time
- Reduce out-of-market payments
- Reduce the frequency of operator interventions

ERUC Project

Draft Goal:

The Enhanced Real-Time Unit Commitment Project will deliver a process that evaluates all costs over a longer timeframe, facilitating greater competition and efficiently committing resources anticipated to be needed for reliability in real-time

Applicable Energy Work Stream Objectives:

- Improve real-time operational certainty for market participants and the IESO
- Improve price certainty for market participants ahead of real-time
- Reduce out-of-market payments
- Reduce the frequency of operator interventions

Setting the Demand Curve and Dispute Resolution

- At the August MRWG meeting, the IESO committed to escalating policy design issues that arise at the SE level to the MRWG for discussion
 - These questions need to be adequately addressed to allow the IESO and stakeholders to proceed towards completion of high level designs at the SE
- We have identified 2 key topics for discussion in the near term and have circulated a brief memo outlining proposed research and discussions for upcoming MRWG meetings

October MRWG

- Discussion of how other jurisdictions involve stakeholders in setting capacity auction demand curves. Proposed research topics:
 - Stakeholder engagement process
 - Existence and use of voting rights
 - Handling of dissenting opinions
 - Decision making authority
- *What other information would be useful to inform discussion on the process for setting a demand curve in Ontario?*

Setting the Demand Curve and Dispute Resolution

November MRWG

- Discussion of the dispute resolution processes in other jurisdictions and considerations for Ontario in managing ICA disputes (e.g., these may relate to eligibility, qualification, and performance obligations)
- *Are these the right research topics for the October and November MRWG meetings?*

Introduction to Seams/Interface Issues

- The IESO is working internally to identify interfaces between the projects within Market Renewal
 - Focus is on identifying interdependent design decisions and ensuring that work is coordinated across projects

Sample Interface Issues

Impacted Projects	Description of Impact
SSM, DAM & ICA	Performance obligations like must offer rules will need to be coordinated across multiple projects
SSM & ICA	Will the locations of load pricing zones in SSM impact the determination of the capacity zones and vice versa?
SSM & ICA	Initial auction may be run before SSM is implemented; could cause challenges (i.e. forecasting energy and AS revenue) for resources participating in auction
ICA & DR	Need to determine how and when DR auction will be integrated into the ICA
SSM & DAM	If Financial Transmission Rights are introduced in SSM what aspects will fall within the DAM project?
SSM & DAM	The market power mitigation framework developed in SSM will impact the duration of DAM execution. This impact needs to be considered in SSM evaluation of mitigation options.
ERUC & DAM	Modelling of combined cycle resources should be consistent between timeframes (DACP currently uses pseudo units for CCGTs)
ERUC & DAM	Determine restrictions, if any, for offer price changes and changes to non-price bid parameters after DAM clears

Seams/Interface Issues cont.

- While this work is ongoing, we want to seek early feedback from the group
 - What are the most significant seams/interface issues in your opinion, and what are the implications?
 - How best can we communicate information about interfaces to the SEs (one option is to identify interfaces in the design trackers)?
 - Are there comments or questions about the sample interfaces identified here?
- Next steps are to complete identification of interfaces, communicate them to stakeholders, and bring relevant items back to MRWG for discussion/guidance
 - What advice does the MRWG have on effectively coordinating these issues across initiatives?

Scope for Non-Emitting Sub-Committee

- MRWG members and IESO have worked together to develop a draft scope for the topics and questions the sub-committee should seek to answer
- The identified focus areas are:

1. **Participation:** future integration and barriers to participation for non-emitting resources in the proposed Market Renewal Program design scope;
2. **Market efficiencies:** market impacts associated with higher levels of non-emitting resources with very low to zero marginal costs; and
3. **Commercial mechanisms:** the potential need for additional incentive mechanisms to value environmental attributes and support net zero / low carbon emission facilities.

- *Are these the appropriate focus areas?*
- *What changes should be considered for the related “Issues and Questions” in the draft scope?*

Deliverables

- The draft scope sets out the following deliverables for the sub-committee:

- Monthly update reports to the Market Renewal Working Group (MRWG).
- Research summary outlining approaches proposed or implemented in other jurisdictions and lessons learned. Presentation to the MRWG. – Q4, 2017.
- Draft report submitted to the MRWG for further review and discussion – Q1, 2018.

- Timelines may be aggressive, but can help to demonstrate progress on a key set of issues
- *Are these the right set of deliverables?*
- *Are the timelines reasonable?*

Next Steps for Non-Emitting Sub-committee

- Seeking MRWG expressions of interest in co-chairing sub-committee by Sept. 27
 - Tom Chapman will be IESO chair
 - Could also consider non-MRWG co-chair from sub-committee (MRWG recommendations welcome)
- Revise draft scope and post document along with request for nominations for sub-committee, end Sept./early Oct.
 - Need sense of who will participate to manage logistics
 - *Seeking MRWG feedback on the ideal size/composition of this sub-committee*
- Report back to MRWG on progress at next MRWG, Oct. 18
 - Participation, timing, etc.

Wrap-up

- Thanks for your participation
- Next meeting is October 18
- Expect to discuss stakeholdering of ICA demand curve, development of MR Program Plan, and report back on non-emitting committee and development of MRWG report