

Market Renewal Working Group

December 21, 2017

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Agenda

9:00 am – Welcome and Introduction

9:15 am – MRWG Co-chair Update

9:30 am – ICA Preliminary Design Decisions

10:00 am – Looking ahead to 2018

11:00 am – Break

11:15 am – High Level Design Document

11:30 am – Update on NER-SC and RFI

12:00 pm – Lunch

1:30 pm – MRWG members invited to stay and participate in NER RFI webinar

MRWG Membership Update

- Paul Dottori and Rob Coulbeck have resigned as MRWG co-chairs
- IESO would like to thank both for their important roles in the progress of Market Renewal to date
- Francesca Dobbyn has joined the MRWG to provide a low-volume consumer perspective
- IESO is reviewing its approach to stakeholder engagement for Market Renewal, including the use of co-chairs for the MRWG and subcommittees
- We welcome group members' input on our approach to MRP engagement

ICA Preliminary Design Decisions

- Stakeholders have asked the IESO to bring forward preliminary decisions where possible
- In the materials for today's meeting, the MRWG has received a copy of the Incremental Capacity Market design tracker which identifies preliminary decisions and next steps for the ICA
- MRWG members are asked to please review the proposed approaches in advance of the meeting
- We would like to use the scheduled time to discuss any comments, questions or concerns the MRWG has related to these preliminary decisions and next steps

Looking ahead to 2018

Market Renewal Objectives for 2018

1. Streamline MRP engagement, where appropriate
2. Complete Market Renewal High Level Designs (SSM, DAM, ERUC, and ICA)
3. Complete Non-emitting Resource Subcommittee (NER-SC) report
4. Begin detailed design phase

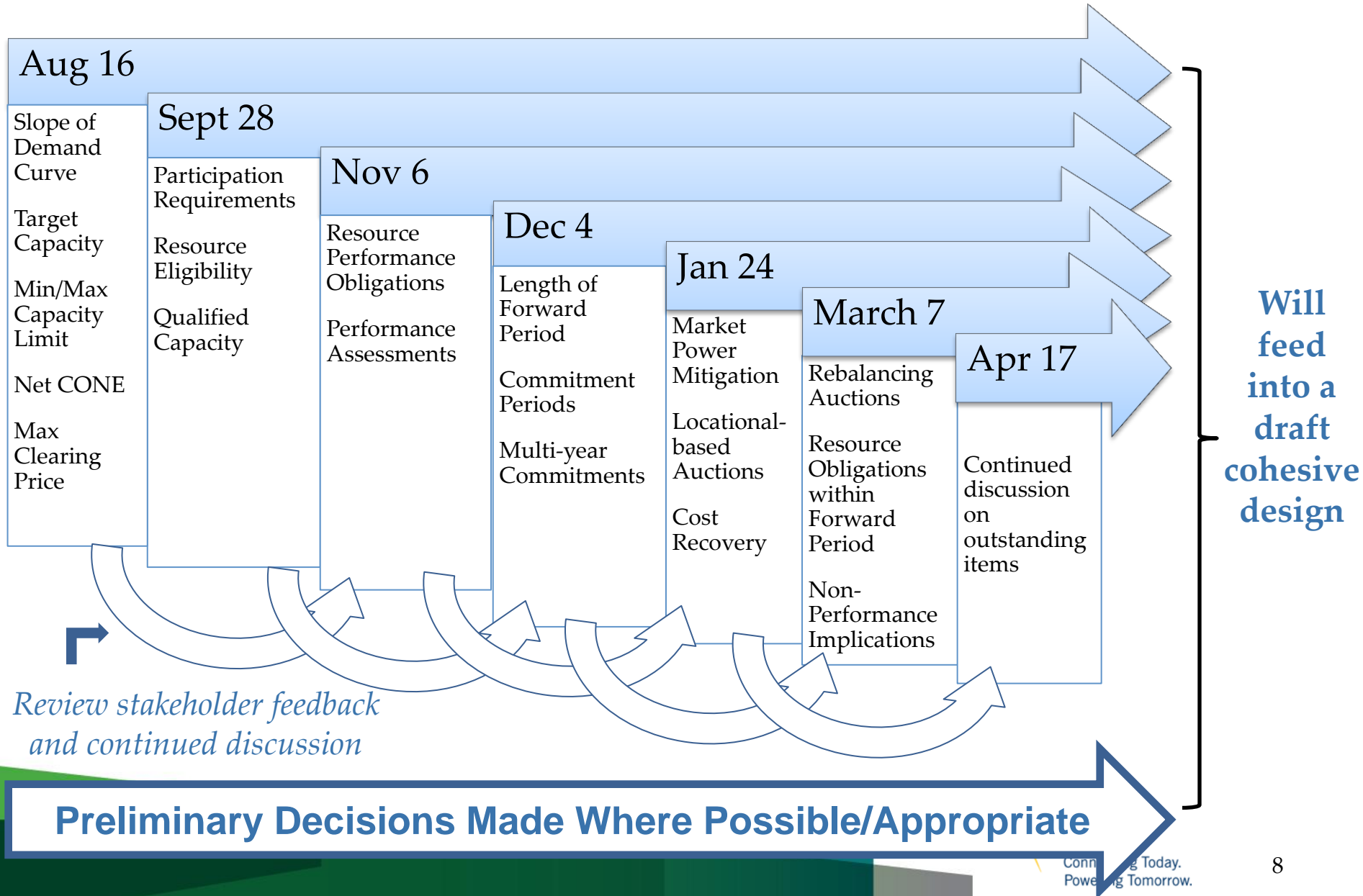
What other objectives do MRWG members have for 2018?

Energy Stream Stakeholdering

- The IESO is proposing the following changes to stakeholder engagement for the energy work stream:
 - Meeting frequency will be reduced to every 2 months, with more content covered at each meeting (after the January meetings)
 - Materials will provide comprehensive information but presentation and discussion will focus on key design decisions
 - Stakeholder sessions will be scheduled together in 1-2 day blocks
 - IESO will aim to discuss inter-related topics at the same time to help manage seams between the initiatives
 - Where there is a single option or an obvious preferred approach, the IESO will aim to bring forward preliminary decisions earlier in the process

Do group members support this approach for the energy stream?

ICA Stakeholdering - Draft Options Phase Schedule



ICA Stakeholdering – What’s Next?

3 more meetings
to present options
for remaining
design elements

“Compile Phase”
to start drafting
HLD

HLD engagement
and finalization

ICA Stakeholdering - Feedback



Streamline MRP engagements by focusing time and effort on those design elements that are most relevant to stakeholders



Need to have more detail and understand 'big picture' and linkages between the design elements and the market/sector as a whole

*What are the unique drivers for ICA and how do we ensure we spend our time effectively?
What are your priorities?*

Some thoughts....

- Need to ensure we balance time to work through the details for the HLD with the need to continue to engage internally and externally
- ICA creates an entire new market and has significant linkages into many other broader sector issues – how do we ensure we record those other considerations (non HLD ones)?
- Ensuring we receive stakeholder feedback in a timely manner - how can the IESO provide stakeholders with the information they need to provide informed feedback prior to issuing the HLD and avoid receiving extensive comments after the HLD has been largely developed?

Some options...

- Straw-document proposal
 - Preliminary sketch of what the auction could look like based on IESO perspectives **prior** to compile phase
- Draft HLD
 - Stakeholder drafts of the HLD document as they become available
- White papers
 - Prepare white papers as decisions are made explaining rationale
- Report on ICA in Ontario context
 - Summarize the context in which the ICA will operate; outline linkages to strategic issues
- Jurisdictional scan and comparison
 - Compare and contrast decisions that have been made in Ontario vs best practices and lessons learned in other jurisdictions
- Focused/intense working group/SE sessions
 - Discuss design decisions in a multi-day format to ensure common understanding



Upcoming Engagement dates

		January					February				March				April				
Forum		01-Jan	08-Jan	15-Jan	22-Jan	29-Jan	05-Feb	12-Feb	19-Feb	26-Feb	05-Mar	12-Mar	19-Mar	26-Mar	02-Apr	09-Apr	16-Apr	23-Apr	30-Apr
MRWG and Subcommittee	Market Renewal Working Group						06-Feb						20-Mar				18-Apr		
	Non-Emitting Resource Subcommittee				22-Jan			16-Feb					22/23-Mar		09-Apr				
Stakeholder Design Discussions	Single Schedule Market			18-Jan									29-Mar						
	Day-Ahead Market					31-Jan							28-Mar						
	Enhanced Real-Time Unit Commitment					31-Jan							28-Mar						
	Incremental Capacity Auction				24-Jan						07-Mar						17-Apr		
Inform	Stakeholder Advisory Committee							21-Feb											
	Technical Panel				23-Jan					06-Mar							17-Apr		

- Please inform the IESO if you see any significant issues with the proposed dates above

LEGEND

HLD Phase 1 - Intro & Fundamentals

HLD Phase 2 - Options & Recommendations

HLD Phase 3 - Design Decision

HLD Document

- In preparation for the next stage in the design process, IESO is developing a HLD document template
- The HLD document will likely include two parts:
 - Part A: The project design
 - Intended for both an internal and external audience to describe the project recommendations from the stakeholder engagement and design phase.
 - Part B: The project impact assessment
 - Intended for an internal audience to describe the expected impacts of the project design on IESO documents, processes, and solutions.
- The document will provide details on what needs to be done, but not how it will be achieved

HLD Document Project Design

- Proposed topics within Part A (project design) include:

Topic	Description
Summary of Design Recommendations	High level overview of the recommended market design for the project
Design Element Recommendations	Next level of design detail including Description, Recommendation, Linkages to Other Market Renewal Projects, Detailed Design Considerations, Technical Considerations
Existing Ontario Design Considerations	Details the existing Ontario design features that will be impacted by the design
Future Ontario Market Design Considerations	Details the future design features to be considered during the detailed design phase to simplify future initiatives
IESO-Market Participant Interfacing Activity Impacts	Details the Market Participant interfacing activities that may change under the scope of this project

HLD Document Cont.

- Part B (Project Impact Assessment) of the HLD is specific to the IESO
- This part of the document will list all IESO processes , systems, and governing documents identified as being impacted by Market Renewal
- For each item impacted, the document is expected to:
 - Provide a description of the process/system/document etc. and why it is important,
 - Identify a process owner,
 - Outline the changes needed and plans for making change, etc.

Next Steps

- IESO expects to complete a HLD template in the New Year; we will share the template along with illustrative content with the MRWG for your comment

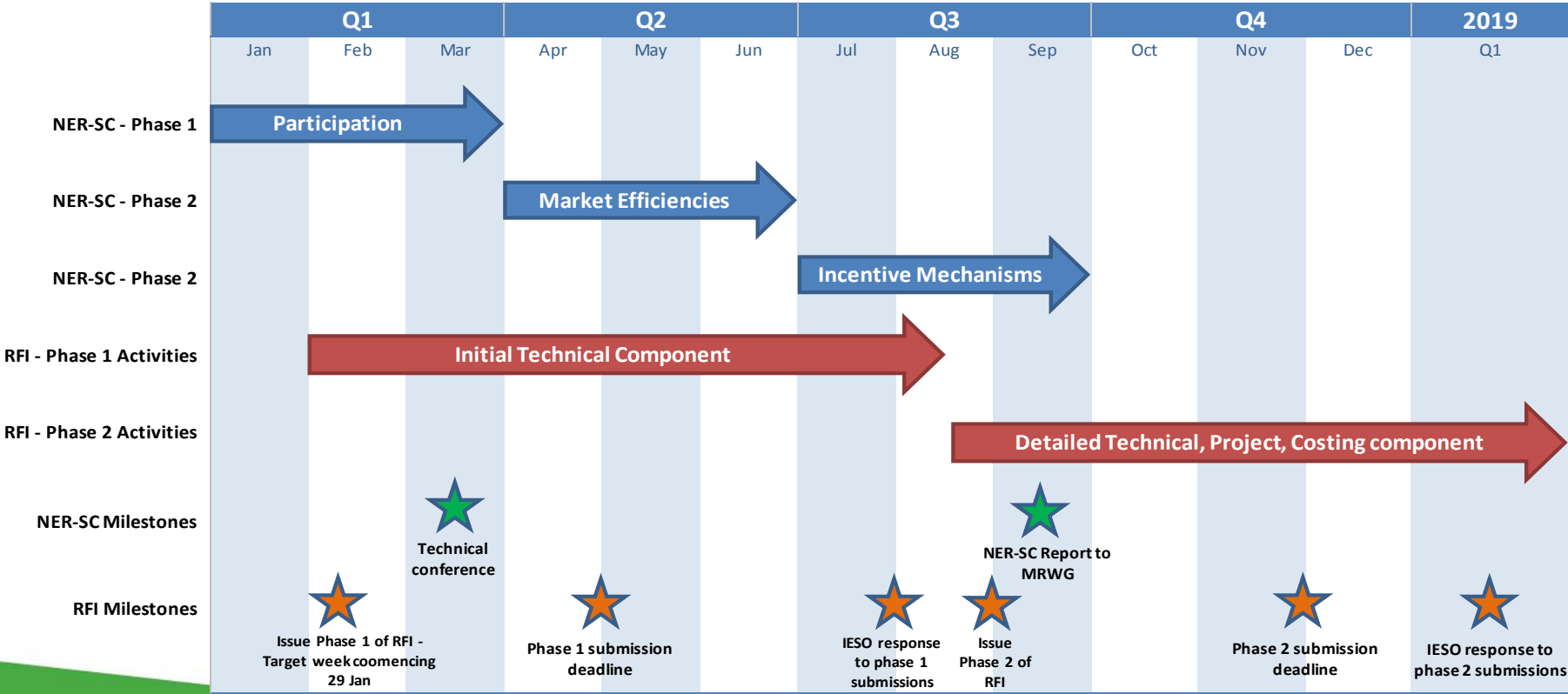
What feedback do MRWG members have at this time on the information to be included and approach to developing the HLD documents?

Update on NER-SC and RFI

- Second NER-SC meeting was held December 7:
 - Draft ToR shared with participants (available on NER-SC website)
 - Discussed information gathering objective
 - Reviewed work plan for 2017/18
 - Participant presentation on NER implications for the Ontario market
- In the New Year, the IESO will be issuing an RFI to support the NER-SC
 - Initial details for the RFI will be presented and discussed in the webinar after lunch
- MRWG members are invited to remain and participate in the webinar (*noting that other interested parties will also be joining the presentation*)

RFI and NER-SC Timelines

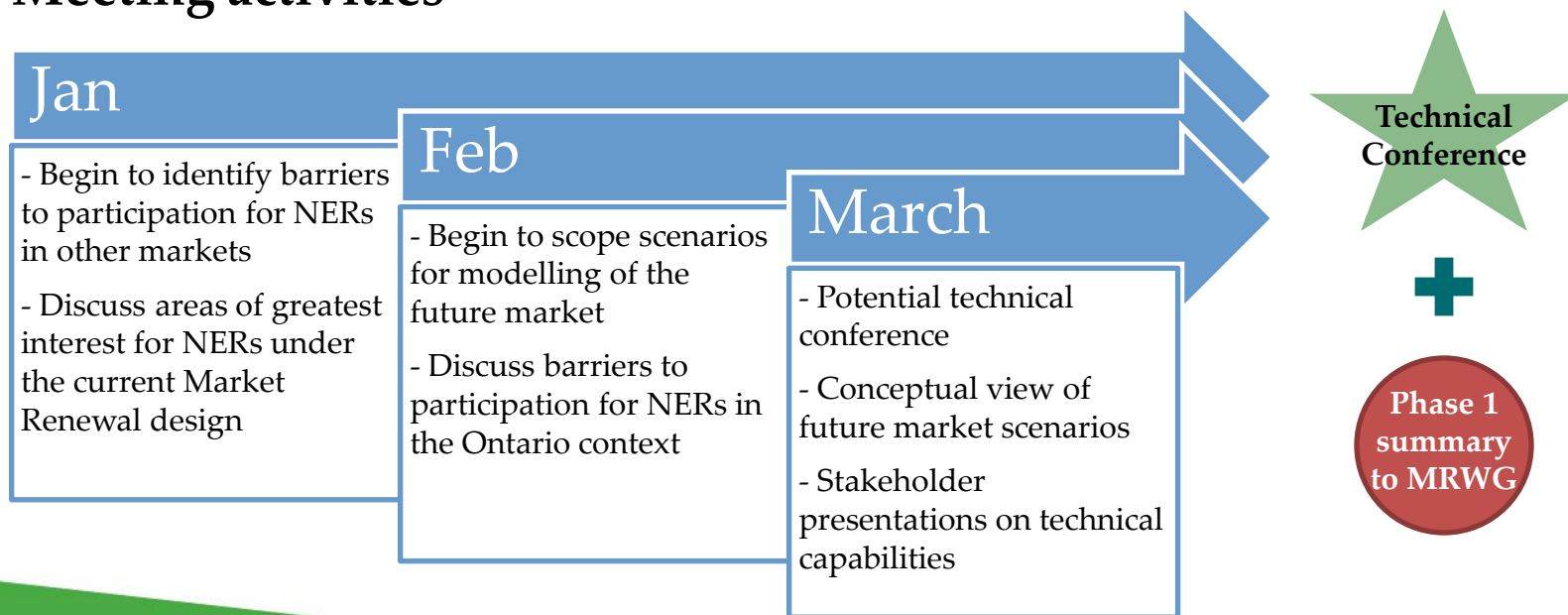
- Phase 1 of the RFI is intended to support the work of the NER-SC; Phase 2 will inform the next steps that follow from the work of the NER-SC
- The timelines below are approximate; the information requested and timelines for each phase will be finalized with stakeholder input



NER-SC Work Plan: Participation

- Phase 1 will look at the future integration and barriers to participation for non-emitting resources in the proposed Market Renewal design scope

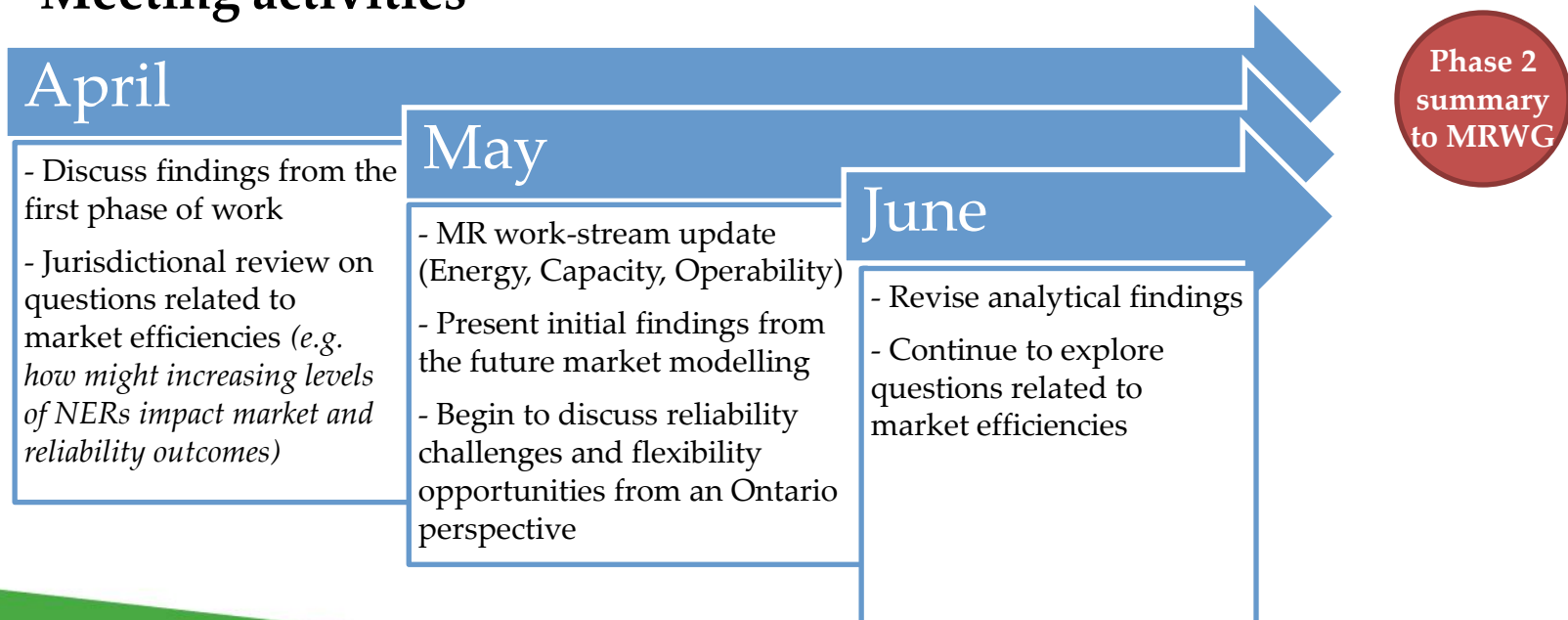
Meeting activities



NER-SC Work Plan: Market efficiencies

- Phase 2 will look at market impacts associated with higher levels of non-emitting resources with very low to zero marginal costs

Meeting activities



NER-SC Work Plan: Incentive mechanisms

- Phase 3 will look at the pros and cons as well as the potential need for additional incentive mechanisms to value environmental attributes and support net zero / low carbon emission facilities

Meeting activities

July

- Present findings from the second phase of work
- Jurisdictional scan exploring incentive options for NERs
- Discuss drivers and need for an additional incentive mechanism in Ontario

Q3

- Continuation of discussions around incentive mechanisms and which mechanism(s) is best tailored to Market Renewal
- Provide input on the information to be included in the final Technical Report



Wrap-up

- Thanks for your participation
- Next meeting is Feb. 6
- Any final comments or questions?