

# Market Renewal Working Group (MRWG)

February 6, 2018

## Meeting Summary

February 6, 2018	1 pm – 4 pm	150 King St W, Toronto
Invited	Company	Attended (A); Phone (P); (R) Regrets
Adam White	Power Consumer	A
Alison Cumming	Power Advisory LLC	A
Brandy Giannetta	CanWEA	A
Cara Degelman	Resolute	P
Colin Anderson	AMPCO	A
David Applebaum	NextEra Energy	R
David Butters	APPrO	R
Don Dewees	Market Surveillance Panel	A
Francesca Dobbyn	United Way of Bruce Grey	A
Francois Abdelnour	Ivaco Rolling Mills	A
Frank Lasowski	Milton Hydro	R
Frederic Belanger	Hydro Quebec	A
Hari Subramaniam	Opus One Solutions	R
Jason Rioux	NRStor	R
Jennifer Tuck	NextEra Energy	P
Julien Wu	Brookfield Renewable	P
Lynn Wizniak	OPG	A
Margaret Kuntz	TransCanada	A
Matt Sachs	Peak Power Energy	A
Neetika Sathe	Alectra Solutions	R
Pat Dalzell	Bruce Power	A
Paul Clipsham	CME	A
Paul Dottori	Rayonier	R
Rob Coulbeck	Goreway	R
Sarah Griffiths	EnerNOC	A
Sushil Samant	Northland Power	A
Thanh Nguyen	TransAlta	A
Barbara Ellard	IESO	A
Brennan Louw	IESO	A
Chuck Farmer	IESO	A
Darren Matsugu	IESO	A

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Emanuel Movchovitch	IESO	A
Ioan Agavriloai	IESO	A
Julie Bedford	IESO	A
Karen Backman	IESO	A
Michael Lyle	IESO	A
Robert Doyle	IESO	A
Stephen Nusbaum	IESO	A
Tom Chapman	IESO	A

All meeting material is available on the IESO website at: <http://www.ieso.ca/en/sector-participants/market-renewal/market-renewal-working-group>

#### **Decisions Reached/Action Items**

The following action items were taken:

- MRWG members to provide feedback to the IESO on any of the issues raised in the presentation, specifically around Stakeholder Engagement and Governance, and the MRWG in 2018 and beyond.

#### **Introduction and Welcome, MRWG Roundtable – Robert Doyle and Barbara Ellard, IESO**

The IESO opened the meeting by reviewing the agenda and the minutes from the previous session. The minutes were passed with no objections raised.

#### **Stakeholder Engagement and Governance – Chuck Farmer and Sarah Diebel, IESO**

The IESO introduced the session as an opportunity to discuss stakeholder engagement and governance in the context of Market Renewal.

The IESO began by providing a summary of the stakeholder feedback it has received on its engagement processes in general and highlighted how the feedback relates to Market Renewal.

The IESO then moved on to present the approach it is taking to develop an Engagement Strategy. The Engagement Strategy is intended to address areas highlighted in the stakeholder

feedback and will consider enhancements to the engagement process to support Market Renewal, including potential updates to the Technical Panel Terms of Reference.

There were no MRWG member questions or comments in response to the Engagement Strategy presented by the IESO.

The IESO then moved on to present what is in- and out-of-scope for governance in relation to Market Renewal. As input to the discussion, a written submission from a MRWG member was read out which proposed that the MRWG governance discussion should be focused on “decision-making processes” (e.g., who decides and how, and what happens when there is disagreement) and suggested that these processes should be explored from high-level design, through the Technical Panel (TP) and up to the IESO board. The MRWG member suggested that a “Rules Committee” would be a good initial starting point to look at how decision-making processes should be defined.

Another MRWG member supported these comments, noting that a broader discussion might be required as the new markets, which are currently under design in Market Renewal, become a reality. The MRWG member also noted that a large number of new market rules will need to be created, and then amended as the market evolves. To support this, the member suggested that a “Markets Committee” could provide value in recording votes, representing market participants and ensuring that market rules are clearly defined and understood.

A MRWG member voiced support for the previous comment and highlighted the importance of transparent rules which can enable effective compliance in the market.

Another MRWG member noted that more consideration should be given to what the IESO has determined to be in- and out-of-scope and also to the approach proposed by the IESO to address governance issues. The MRWG member went on to say that an effective governance framework is required within Market Renewal to ensure that the design is robust enough to accommodate any “big G governance” changes that may materialise in the future.

A MRWG member stated that it was important to have a committee where market participants come together to review the proposed market rules as a whole. This group would need to have sufficient expertise to understand the rules and the implications of the rules for market participants.

The IESO then asked MRWG members for their opinions on how the committee might differ from the TP.

In response, a MRWG member noted that the “Markets Committee” would be different to the TP in that it would be an enduring forum for all market participants to review market rules and consider the day-to-day issues that market participants encounter. Another MRWG member

supported this comment and noted that a “Rules Committee” could support the TP in the development of market rules and drafting of the market manuals.

A MRWG member also noted that the makeup of the future market may contain a larger number of market participants, of varying size, and it is important that market rules are accessible and clearly defined to avoid barriers to entry.

*The IESO thanked the MRWG members for their comments and noted that there are a number of different ways in which the governance items raised in discussion can be addressed. The IESO is now considering the best approach for moving forward with the in-scope items and confirmed that the IESO will be responding to all stakeholder submissions in due course.*

The IESO moved on to present an outline for dealing with design issues as they arise. Broadly this can be considered in two respects: 1) the stakeholder process required to reach consensus for the final design (e.g., how do we arrive at substantial consensus, how do we record the decision-making process etc.) and 2) the stakeholder mechanisms (e.g., the dispute resolution process) that are required in the final design.

A MRWG member added support to the two-step approach outlined by the IESO. Building on this, the MRWG member suggested that after completing the high-level designs (HLDs), stakeholder focus could shift to drafting of the market rules. The member suggested that this drafting process should be conducted through a “committee of the whole” and in doing so will provide a record upon which the TP can develop market rules.

With the design process more generally, MRWG members also highlighted a preference for using the substantial consensus approach to build agreement for the majority of the design elements earlier in the process and then focus on the remaining (minority) of the design that needs detailed discussion. The MRWG members also highlighted a desire to review the Market Renewal designs holistically to ensure there is sufficient integration between the HLDs.

A MRWG member asked what the path to resolution is where there is disagreement on a preliminary decision.

*The IESO confirmed they will always try to build consensus for the preliminary decision and be open to providing more focused sessions with additional information in order to help find broad agreement. In the end, the IESO is responsible for making the final decision.*

The IESO concluded the session with a request for further stakeholder feedback, in particular around what stakeholders would like to see changed and why to help understand how the various pieces fit together.

## **MRWG in 2018 and beyond - Barbara Ellard, IESO**

The IESO reflected on the achievements of the group to date and noted that the MRWG will continue to play an important role in getting to the HLDs. As a potential evolution of the MRWG, the IESO is interested to understand MRWG member perspectives on what role the group could play beyond the HLD phase in Market Renewal.

MRWG members were supportive of the MRWG evolving to play a strategic role in the next stage of market evolution beyond Market Renewal. Potential areas of focus for the group could include enhancements focused on operability and flexibility. It was noted that the group has significant industry expertise which could be effectively used in an advisory role to the IESO.

Some MRWG members also commented that if the group does evolve into a more strategic role then it would operate best as an open forum with all market participants able to contribute. MRWG members also discussed the importance of having clearly defined roles for the evolved group and alignment with other IESO advisory groups.

*The IESO thanked the members for their input and comments.*

## **Energy design update – Darren Matsugu, IESO**

The IESO introduced and summarised progress to date, including the key design elements that have been presented and where further analysis might be required. The IESO also confirmed that it is working through feedback received and how to progress to preliminary decisions where there has been specific feedback.

## **Capacity design update – Stephen Nusbaum, IESO**

The IESO summarised the overall status of the workstream, the design elements which have been presented and those which are outstanding for further analysis. The IESO also shared initial thoughts about timelines for the RFP for design and build of the capacity auction engine, and outlined the agenda for the April 17 Incremental Capacity Auction (ICA) meeting.

The IESO also shared with the MRWG the recognition that the ICA will require taking a more holistic view of forward demand, and will therefore also take on a broader long-term planning perspective.

## **NERSC update – Tom Chapman, IESO**

The IESO introduced and summarised the overall status of the NERSC work. This included a walk through of the various NERSC stages and plans for the technical conference. The IESO also covered the approach and timelines for the non-emitting resource Request For Information.

A MRWG member asked whether demand response could be considered a non-emitting resource, and if regulatory barriers will be considered as part of the NERSC analysis.

*The IESO confirmed that demand response could be considered a non-emitting resource. The IESO also confirmed that the NERSC analysis will identify all forms of potential barriers to entry which will then be prioritised and addressed accordingly.*

## **Conclusion and wrap-up – Barbara Ellard, IESO**

The IESO concluded the session by underlining the importance of receiving stakeholder feedback on the issues raised today.

As a final question, a MRWG member asked the IESO to bring forward more clarity on when design decisions are finalised.

*The IESO responded that this will be a topic for consideration at the next MRWG meeting.*

**The meeting concluded at 4:00 pm.**

**The next meeting is scheduled for March 20.**