

# Market Renewal Working Group (MRWG)

April 18, 2018

## Meeting Summary

Invited	Company	Attended (A); Phone (P); (R) Regrets
April 18, 2018	1 pm – 4 pm	150 King St W, Toronto
Adam White	Power Consumer	A
Brandy Giannetta	CanWEA	A
Colin Anderson	AMPCO	A
David Butters	APPrO	A
Don Dewees	Market Surveillance Panel	A
Francesca Dobbyn	United Way of Bruce Grey	R
Francois Abdelnour	Ivaco Rolling Mills	P
Frank Lasowski	Milton Hydro	P
Frederic Belanger	Hydro Quebec	A
Hari Subramaniam	Opus One Solutions	R
Jason Chee-Aloy	Power Advisory LLC	A
Jennifer Tuck	NextEra Energy	A
Julien Wu	Brookfield Renewable	A
Lynn Wizniak	OPG	A
Margaret Kuntz	TransCanada	A
Matt Sachs	Peak Power Energy	P
Pat Dalzell	Bruce Power	A
Paul Clipsham	CME	P
Paul Dottori	Rayonier	A
Sarah Griffiths	EnerNOC	A
Sushil Samant	Northland Power	A
Thanh Nguyen	TransAlta	A
Alexandra Campbell	IESO	A
Barbara Ellard	IESO	A
Brennan Louw	IESO	A
Darren Matsugu	IESO	A
Ioan Agavriiloai	IESO	A
Jason Grbavac	IESO	A
Stephen Nusbaum	IESO	A
Sarah Diebel	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>

### **Introduction and Welcome, MRWG Roundtable – Jason Grbavac and Barbara Ellard, IESO**

The IESO welcomed the MRWG members and introduced the session. The IESO also notified members of other upcoming IESO engagements including the launch of the Energy Storage Working Group and the IESO Electricity Summit on June 11, 2018.

The IESO moved on to address a request from MRWG members to add governance as an agenda item for the meeting. The IESO accepted this request, noting it is interested to hear member feedback but that it is not yet in the position to provide an update on governance.

An MRWG member asked to what extent they will have the opportunity to input into the IESO review of governance.

*The IESO responded that it intends to work with members in the governance review process once the IESO has shared an initial approach.*

An MRWG member asked the IESO to confirm the scope of what the IESO is intending to share with members in regard to governance.

*The IESO explained that it is currently categorising and defining governance issues to allow the issues to be most effectively addressed. The IESO also noted that the governance issues raised in Market Renewal span across the organisation and beyond the program so it is important that the IESO has sufficient time to give a full response.*

An MRWG member asked the IESO to confirm what forum governance will be discussed in.

*The IESO responded that governance discussions will likely take place across a variety of forums including the MRWG, the Technical Panel (TP) and the Stakeholder Advisory Committee (SAC) and that the primary venue for the discussion has yet to be defined.*

An MRWG member noted that getting consensus between the IESO and stakeholders on the approach, process and documentation for decision-making is a crucial element for stakeholder support for Market Renewal. This is especially the case with regard to the design for the Incremental Capacity Auction (ICA). The MRWG member went on to say that if market participants are expected to take on more risk under Market Renewal then it is important that the governance processes are transparent, well documented and that avenues for recourse are understood by all.

*The IESO thanked the members for their feedback and recognised the importance of working collaboratively. The IESO is currently developing an approach to address the governance issues raised and will be sharing this with members in due course for their review and feedback.*

### **Capacity Design Update – Stephen Nusbaum, IESO**

The IESO presented an update of the ICA timelines which included an overall schedule and walk through of the High-Level Design (HLD) phases. The IESO then moved on to present its approach for introducing design decisions in the ICA.

An MRWG member asked what approach will be used to allow findings from the Non-Emitting Resource Subcommittee (NERSC) and Request For Information (RFI) final reports to be incorporated into the ICA HLD.

*The IESO agreed this was an area to consider and noted that it will share an initial for approach for HLD integration with MRWG members later in the presentation.*

### **Energy Design Update – Darren Matsugu, IESO**

The IESO summarised the recent activities in the energy work stream and the topics discussed in the March stakeholder engagement sessions. The IESO then went on to give a preview of the potential topics for discussion in the upcoming stakeholder engagements in May and July.

*There were no MRWG member comments or questions.*

### **MRP Milestones and Timelines – Barbara Ellard, IESO**

The IESO presented the timelines and phasing to finalise the Market Renewal HLDs and publish the final reports for the Non-Emitting Resource Subcommittee and RFI.

An MRWG member asked where initiatives to enhance operability and ancillary services would be incorporated into the Market Renewal timelines.

*The IESO responded that following review earlier in the year, the IESO has moved the operability and flexibility initiatives out of Market Renewal and into the broader future markets activities.*

The MRWG member responded that it would be useful for the IESO to clearly define what is in- and out-of-scope for “MRP 1.0”, and then share thoughts for what other initiatives will follow thereafter. This will be important so that stakeholders have transparency of current and future market initiatives.

*The IESO confirmed the four projects that are in-scope for Market Renewal (ICA, SSM, DAM, and ERUC). As the design process evolves it is likely there will be future enhancements and new initiatives that are required, and that the IESO looks forward to having collaborative discussions with stakeholders to define the process for considering future initiatives.*

The IESO moved on to share initial thinking with members around the HLD review process and asked MRWG members what they are expecting from the process.

An MRWG member stated that it would be useful to review the HLD template again to fully understand what it will include.

*The IESO responded that the HLD will identify and provide the rationale for design element decisions. It will provide a snapshot of the where the design stands at the time of publication and provide direction for the detailed design work.*

An MRWG member noted that the IESO should expect to see new comments and feedback that will only come to light when stakeholders can review all the HLDs in a holistic sense. Other MRWG members agreed, and said that it would be useful to have a consolidated document that summarises all the design options and explains the design decision rationale. MRWG members noted that this could just be an expansion of the design tracker or collation of previous stakeholder material so it can be viewed in a holistic sense. An MRWG member stated the importance of having this as an enduring “legacy document” to explain rationale for decisions.

*The IESO responded that it will seek to provide a document that meets stakeholder needs while also being mindful of IESO resourcing constraints.*

The IESO went on to ask MRWG members if the allocation of two months in the current timelines is appropriate for stakeholder to review the HLD.

MRWG members responded that a good approach would be to publish the HLD and then hold an interactive session several weeks later to provide an open forum for stakeholders to discuss the HLD. Following this, stakeholders would then be in a position to provide written feedback.

The IESO concluded with a summary of the proposed timelines for HLD review. The IESO also noted that the HLD review process for the ICA is likely to be different given the different approach the ICA has used to get to the HLD.

### **HLD Review and Integration – Barbara Ellard, IESO**

The IESO presented a proposed approach for integrating all of the work underway on the HLDs and non-emitting resources.

An MRWG member asked how the design initiatives outside of Market Renewal (e.g., flexibility, operability, demand response, etc.) will be incorporated into the Market Renewal design. The MRWG member went on to say that a modelling exercise could be useful to illustrate how the different market mechanisms will fit together and highlight potential areas for further analysis.

*The IESO responded that they recognise the value of a modelling exercise and noted the NERSC will involve a modelling exercise that will help to illustrate market outcomes and revenue opportunities for a variety of resources under a variety of scenarios.*

An MRWG member noted that sufficient time will be needed to consider the impact of the design changes at a distribution level (e.g., changes to settlements, billing engines). The MRWG member also noted that Local Distribution Companies (LDCs) will likely require a long lead time to prepare for and implement the changes.

Another MRWG member supported these comments and asked to what extent the Ontario Energy Board (OEB) and other distribution level stakeholders had been engaged in the Market Renewal design process.

*The IESO responded that they have been engaging with the OEB and other distribution level stakeholders including the Electricity Distributors Association (EDA). The IESO also noted that engagement with these stakeholder groups is expected to increase as Market Renewal progresses from HLD to detailed design and implementation.*

## **Future Markets – Barbara Ellard, IESO**

The IESO led a discussion on Ontario's future electricity market design including potential evolution beyond Market Renewal. The IESO provided a brief summary of the current initiatives underway and the potential activities to support future change.

Several MRWG members asked for clarification on the illustrative timelines for future market evolution that were included in the presentation.

*The IESO responded that the mid-term initiatives could begin between late 2019 to early 2020 with the long-term items to be considered further out. The IESO did note however that thinking for these initiatives is still at an early stage and subject to change.*

An MRWG member asked to what extent SAC will be involved in future market discussions.

*The IESO responded that it intends to involve SAC in the future market discussions once a clear approach to addressing the topic has been established.*

An MRWG member noted the importance of having a discussion about future market evolution as it is likely to impact long-term planning for items such as IT solutions.

*In response the IESO agreed that it was important to think about both what needs to be on the future markets roadmap, and also what systems and processes are required as enablers.*

## **Update on Non-emitting Resource Subcommittee (NERSC) and Request for Information (RFI) – Tom Chapman, IESO**

The IESO provided an update on the NER activities including a summary of the recent technical conference and the expected next steps.

As follow on the technical conference, a MRWG member noted that it would be interesting to hear more on the Southwest Power Pool (SPP) experience of managing change in the decision-making process and the growth of negative pricing on the system. The MRWG member also asked if the RFI submissions would be shared with the NERSC.

*The IESO confirmed that they would like to share the information received in RFI submissions with the NERSC, although some information will likely be withheld for commercial confidentiality and the level of detail to be made public is yet to be finalized.*

## **Conclusion and Wrap-up – Barbara Ellard and Alexandra Campbell, IESO**

The IESO moved to conclude the meeting by asking members what they would like to see on the agenda for the May MRWG session.

An MRWG responded that governance should be on the agenda, even if it is only to share with MRWG members what the IESO considers to be the main barriers to having an open discussion. The IESO and MRWG could then work collectively to address the issues.

Another MRWG member supported this comment and suggested one approach might be to have a scoping discussion on governance so that both the IESO and MRWG members are on the same page as to what the governance review includes.

*The IESO thanked the MRWG members for the feedback and agreed to consider options for what they can bring back on governance to discuss in the next MRWG meeting.*

**The meeting concluded at 3:30 pm.**

**The next meeting is scheduled for May 15.**