

# Market Renewal Working Group (MRWG)

June 19, 2018

## Meeting Summary

<b>Date held:</b> June 19, 2018	<b>Time held:</b> 9 am – 12 pm	<b>Location held:</b> 150 King St W, Toronto
<b>Invited/Attended</b>	<b>Company Name</b>	<b>Attendance Status</b> (A)ttended; (R)egrets; (P)hone
Brandy Giannetta	CanWEA	A
Cara Degelman	Resolute Forest Products	P
Colin Anderson	AMPCO	A
David Butters	APPrO	A
Don Dewees	Market Surveillance Panel	A
Francesca Dobbyn	United Way of Bruce Grey	A
Francois Abdelnour	Ivaco Rolling Mills	A
Frederic Belanger	Hydro Quebec	A
Jason Chee-Aloy	Power Advisory LLC	A
Jennifer Tuck	NextEra Energy	A
Julien Wu	Brookfield Renewable	P
Lynn Wizniak	OPG	A
Margaret Kuntz	TransCanada	A
Pat Dalzell	Bruce Power	A
Paul Clipsham	CME	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
Emanuel Movchovitch	IESO	A
Jennifer Young	IESO	A
Leonard Kula	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 – Jennifer Young and Barbara Ellard, IESO**

The IESO welcomed the MRWG members and introduced the agenda.

## **Energy Work Stream Update – Darren Matsugu, IESO**

The IESO introduced the section, noting that the update will focus on Intertie Congestion Pricing and Optimisation of Energy Limited Resources.

Starting with Intertie Congestion Pricing, the IESO provided a recap of the current and proposed design as presented to stakeholders in December. The IESO then moved on to summarise the stakeholder feedback it has since received.

An MRWG member asked the IESO to confirm what timelines are expected to get to a preliminary design decision for this design element.

*The IESO responded that the intention is to make a preliminary design decision on Intertie Congestion Pricing by the fall. However, given the integrated nature of the design element, it might be better to defer the final design decision to year end when it can be considered more holistically alongside the finalised ERUC and DAM High-Level Designs (HLDs).*

An MRWG member noted that to reach a decision on Intertie Congestion Pricing it would be helpful to further discuss the different perspectives on potential design options.

*The IESO noted the comment and agreed further discussion would be useful.*

The IESO then moved on to provide a recap and update for the Optimization of Energy Limited Resources design element. This included a summary of how Energy Limited Resources are optimized in the current system, and how it will work under the proposed design.

An MRWG member asked how design options for the integration of non-hydro storage were being addressed.

*The IESO responded that the IESO has launched the Energy Storage Advisory Group to address issues related to integrating storage to the grid. The Market Renewal design team will work closely with this group to understand considerations for the future market design.*

An MRWG member asked whether the design proposal for Energy Limited Resources would be expected to increase the risks of participating in the market for hydro resources.

*The IESO responded that it expected the design proposal to reduce risks for hydro resources participating in the market. The IESO also noted that it continues to work closely with hydro stakeholders to understand the design considerations and address potential issues.*

## **Contracts Work Stream Update – Emanuel Movchovitch, IESO**

The IESO introduced the topic and provided a summary of the analysis and discussions to date. The IESO then moved on to walk through the mechanics of how contracts will operate under the Market Renewal design with participation in the day-ahead market.

An MRWG member asked what would happen to a contracted resource if its bids do not match the IESO forecast.

*The IESO responded that resources which match the IESO forecast will be neutral to the contract value. Resources that submit bids which deviate from the IESO forecast may earn revenue that is higher or lower than the contract value.*

The IESO then moved on to describe how curtailment will be handled under the Market Renewal design.

An MRWG member noted that more detail will be required to fully understand the implications of the Market Renewal design on contracts. The MRWG member went on to say areas of focus should include IESO forecasting for variable generators, curtailment payments, must-offer strategy, virtual transactions and obligations for participating in the day-ahead market.

*The IESO responded that it recognizes there is further design work to be done in these areas and that the IESO will be engaging with stakeholders further in due course.*

An MRWG member supported the previous comment and noted that the contracts review will need to account for and address the different characteristics of the various contract types. The MRWG member also highlighted obligations for participating in the day-ahead market as a key area to understand further.

*The IESO responded that the design for the day-ahead market obligations is intended to incentivise participation in the most efficient manner and that it will engage with stakeholders in the near term about how best to achieve this.*

An MRWG member asked if under the new design participants will be able to exceed the 'availability declaration envelope' (ADE) between the day-ahead to real-time windows.

*The IESO responded that the appropriateness of the ADE in the new market design is currently under consideration and that the IESO intends to explore this further with participants in forthcoming energy workstream stakeholder engagement sessions.*

The IESO concluded the contracts update by recognizing there are a range of stakeholder comments on this topic and that the IESO intends to explore these issues with stakeholders in further detail in subsequent discussions.

### **Capacity Work Stream Update – Alexandra Campbell, IESO**

The IESO introduced the section and shared its proposed approach for engaging stakeholders on the capacity work stream participation model. The IESO went on to provide an outline of the proposed sessions in September and October. In addition to these stakeholder events the IESO will be scheduling engagement with the LDC community and a further session on demand curve analysis in the fall.

*There were no MRWG member comments or questions.*

### **Non-Emitting Resource Subcommittee (NERSC) Update – Tom Chapman, IESO**

The IESO introduced the topic and provided observations from the NERSC phase one analysis. This included a summary of the three key areas of risk for non-emitting resources in the existing and future market design. The IESO then moved on to give an update on the RFI and next steps. The IESO also confirmed that dates for the July meeting will be finalized shortly.

An MRWG member asked why the IESO may consider moving from a reliability based planning approach to a value based planning approach for large scale capital intensive resources.

*The IESO responded that it is aware of value based planning approaches being used in other jurisdictions and so it intends to explore the topic further with stakeholders as part of a future planning engagement.*

### **MRWG Members Presentation: Decision Making Process – Dave Butters, MRWG Member**

An MRWG member introduced the section and provided context to the presentation. The MRWG member presented the rationale for changes being proposed by stakeholders to certain IESO decision-making processes, and identified general principles that should inform these proposed changes. The MRWG member summarized the recommendations for reform of certain IESO decision-making processes, including the establishment of a Design-Making Review Committee (DMRC).

Another MRWG member then walked through an illustrative example of how the decision-making process could be enhanced, noting this is just one example amongst many that could be considered.

An MRWG member emphasised the importance of designing decision-making processes that ensure fair representation of all the different types of stakeholders. Other MRWG members supported this and noted the interests of small consumers must also be included.

The IESO concluded the session by thanking the MRWG members for their presentation. The IESO noted that given the areas of commonality between the IESO and MRWG members proposals there is a good opportunity to work collaboratively to identify potential enhancements to certain decision-making processes identified as in-scope.

### **Engagement – Barbara Ellard and Jessica Savage, IESO**

The IESO introduced the topic and set out an approach to addressing the focus areas within the decision-making process. This included the establishment of an advisory group to engage with the IESO on more in-depth discussions on options.

An MRWG member asked for clarification of the advisory group's purpose and whether it would be enduring in nature.

*The IESO responded that the advisory group's purpose is to address the highlighted governance issues. The advisory group is likely to be a one off engagement that would conclude with a set of recommendations.*

An MRWG member asked for clarification on why the members of the proposed IESO advisory group need to be approved by the IESO Board.

*The IESO responded that approval by the IESO Board would give additional authority to the final recommendations.*

An MRWG member asked the IESO to clarify how many sessions are intended for engagement on decision-making.

*The IESO responded that there will be four sessions, each with a different set of stakeholders, but that each meeting would discuss the same scope for potential enhancements to certain decision-making processes.*

An MRWG member asked for clarification on how many members are expected to be on the proposed advisory group.

*The IESO responded that this will be discussed as part of the initial independently facilitated decision-making sessions with the four groups.*

The IESO then finished the engagement section by sharing its thinking on how the MRWG will evolve. The IESO identified a set of potential focus areas that the evolved MRWG could work on. The IESO explained each of the potential focus areas and welcomed stakeholder feedback on this.

*There were no further MRWG member comments or questions.*

**The meeting concluded at 12:00 pm.**

**The next meeting is scheduled for July 18.**