

Market Renewal Working Group (MRWG)

July 18, 2018

Meeting Summary

Invited	Company	(A) Attended; (WebEx) Attended via WebEx
Brandy Giannetta	CanWEA	A
Cameron Stonestreet	TransAlta	A
Cara Degelman	Resolute Forest Products	A
Colin Anderson	AMPCO	A
David Butters	APPrO	A
Donald Dewees	Market Surveillance Panel	A
François Abdelnour	Ivaco Rolling Mills	A
Frank Lasowski	Milton Hydro	WebEx
Frédéric Bélanger	HQEM	WebEx
Jason Chee-Aloy	Power Advisory LLC	A
Jennifer Tuck	NextEra Energy	A
Lynn Wizniak	OPG	A
Margaret Kuntz	TransCanada	WebEx
Matthew Sacks	Peak Power Energy	A
Pat Dalzell	Bruce Power	A
Paul Dottori	Rayonier Advanced Materials	WebEx
Sarah Griffiths	EnerNOC	A
Tamar Heisler	Alectra Solutions	WebEx
John Imon Pedtke	The Brattle Group	WebEx
Kathleen Spees	The Brattle Group	WebEx
Alexandra Campbell	IESO	A
Barbara Ellard	IESO	A
Brennan Louw	IESO	A
Darren Matsugu	IESO	A
Michael Lyle	IESO	A
Peter Versteeg	IESO	A
Robert Doyle	IESO	A
Sarah Diebel	IESO	A
Terry Young	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 – Robert Doyle and Barbara Ellard, IESO

The IESO welcomed the MRWG members and introduced the agenda for the meeting.

Governance Advisory Group and Engagement Approach Discussion – Terry Young, IESO

The IESO introduced the topic of Governance and Decision-Making and discussed the creation of an IESO Board-appointed Advisory Panel.

A participant asked if the Advisory Panel will contribute to or make recommendations to the IESO Board and if these would be written by the facilitator.

The IESO replied that these will be IESO recommendations informed by the work of the Advisory Panel and written by the facilitator.

A participant asked how the facilitator will be selected and who that might be.

The IESO replied that several people are being considered but the facilitator is not yet confirmed.

A participant asked if an IESO Board member will be on the Advisory Group.

The IESO replied that this is being discussed with the IESO Board.

A participant asked why a webinar was chosen for the public session and if more questions are submitted during webinars compared to in person meetings.

The IESO replied that webinars tend to provide a greater level of participation and that it has not observed a difference in the number of questions between webinars and in person meetings.

A participant asked when the Terms of Reference would be available for review and if this would coincide with the nomination period for the Advisory Panel.

The IESO replied that the draft Terms of Reference will be available for review before the deadline to apply for nomination to the Advisory Panel.

A participant asked if stakeholders can provide input to the Terms of Reference, and if the Conservation Mid-Term Review Advisory Panel Terms of Reference was a good comparison.

The IESO replied that the Conservation Mid-Term Review Advisory Group Terms of Reference has similarities but differences as well, it is longer and applied to a larger group that what is contemplated here.

A participant asked if the recommendations will note any differences between the IESO's perspective and the Advisory Panel's perspectives, and if stakeholders will be able to comment on the Terms of Reference.

The IESO replied that the recommendations will note the discussions that take place and that a draft Terms of Reference will be available for comment.

Introduction to the Draft Backgrounder, Market Renewal Decision-Making Processes Discussion – Michael Lyle and Sarah Diebel, IESO

The IESO led stakeholders through an introduction to the Draft Backgrounder on Market Renewal Decision-Making Processes.

A participant asked if criteria for Ontario Energy Board (OEB) review of Market Rule disputes would be in scope for the Advisory Panel.

The IESO replied that this is outside of scope for the Advisory Panel. The ongoing work of the OEB Modernization Review Panel should be the venue for these discussions.

A participant noted that only two narrowly defined criteria exist for the appeal of Market Rules with the OEB and asked if additional criteria or expanded definitions could be used to allow for a broader range of appeals.

The IESO replied that this is outside of scope for the Advisory Panel. The ongoing work of the OEB Modernization Review Panel should be the venue for these discussions.

A participant asked if an IESO licence amendment could be sought to work through Market Rule issues, as was done with the General Conduct Rule.

The IESO replied that while a licence amendment could allow for a change in governance structure the IESO views these matters as part of the work of the OEB Modernization Review Panel, and the IESO would not consider duplicating the work of the Panel.

A participant noted that there is no assurance that the work of the OEB Modernization Review Panel will continue.

The IESO replied that these questions could be revisited if the work or scope of the Panel changes.

A participant noted that discussions on governance should not be bounded by areas in which the IESO has direct authority.

The IESO replied that it does not intend to limit discussions but views these issues as within the scope of the OEB Modernization Review Panel and is not looking to duplicate the efforts of the Panel.

A participant asked if a visual sequencing of Market Rule approvals and jurisdictional scan of committees in table format could be provided in the Draft Backgrounder.

The IESO replied that a visual sequencing of approvals along with a summary of legal opinions on governance which includes a jurisdictional scan will be provided in the Backgrounder.

A participant asked if the Backgrounder would be released before the facilitated session in August.

The IESO responded in the affirmative.

A participant suggested that an evolution of decision making and Market Rule amendment processes in Ontario could be presented in the Backgrounder, including the progression from the Market Design Committee to the Independent Market Operator to the IESO today.

The IESO thanked the participant for the suggestion.

A participant asked if the “jump-ball” provision in ISO New England where stakeholders can develop their own proposal would be covered in the Backgrounder.

The IESO replied that it is not specifically presented in the Draft Backgrounder but it is acknowledged through inference that these types of processes are used in some jurisdictions. The ISO New England jump-ball process has also been covered in previous presentations.

A participant asked if the jump-ball process was similar to the Market Renewal Amendment process where parties can bring forward amendments at any time.

The IESO replied that this can be discussed at the August sessions where the IESO’s U.S. legal counsel will answer questions on U.S. jurisdictions.

A participant asked if the scheduled August MRWG meeting would be the facilitated MRWG session and if this was a full day meeting.

The IESO replied that the scheduled August MRWG session would be the facilitated session and it is still considering length but recognizes that sufficient time is needed to discuss this topic.

Non-Emitting Resources Sub-Committee (NERSC) Modelling Update – Tom Chapman, IESO, and Kathleen Spees, The Brattle Group

The IESO provided an update to the MRWG on NERSC modelling and discussed the objectives and expected outcomes of the work, as well as the approach to be used.

A participant asked if more detail on the high/low nuclear scenario could be provided, and if this would include modelling of incremental or new build nuclear.

The IESO replied that it will explore various scenarios in detail on July 24 and that the study will cover a range of scenarios with different prices and market outcomes.

A participant sought clarification on the idea of long-run equilibrium as it applies to the model, asking if the model can represent entry and exit in the Ontario context and noting that the Ontario electricity sector is far from long-run equilibrium conditions.

The IESO replied that the modelling exercise is not based on a long-term forecast of market conditions. Instead, it will focus on a range of scenarios that could arise and will model outcomes by holding the assumptions that inform each scenario constant. This is the idea of long-run equilibrium that was referred to in the presentation.

A participant asked how carbon pricing would be addressed in the model noting that while a carbon pricing regime is no longer in place one of the key drivers for NERSC was addressing carbon pricing issues.

The IESO replied that the scenarios will be developed with stakeholders with the intention of capturing potential high level structural changes in the electricity sector and the implications of these changes. A pause in decarbonisation is an example of one potential scenario in the model.

A participant recommended that a scenario be included where contracts are extended past the current contract term.

The IESO replied that this is worth discussing at the July 24th meeting as this can be taken into account and would impact the amount of incremental capacity that would be needed.

A participant asked if the 2016 Ontario Planning Outlook (OPO) assumptions would be updated as there have been significant changes in the market including at least 500MW less capacity under contract and changes in fuel pricing and technology costs.

Brattle replied in the affirmative. The OPO assumptions will be used as a starting point and any significant changes will be reflected in updates to these assumptions.

A participant asked if the modelling work should wait until the supply and demand update is available in the fall. Other participants asked if the same data and metrics would be incorporated across all modelling exercises at the IESO, and when the NERSC modelling work and report would be completed.

The IESO replied that the IESO's planning team is engaged with all the modelling exercises underway and this should ensure good consistency between models while also trying to avoid delays. The NERSC modelling work and report are targeted for the end of the year, and the IESO will report back to the MRWG to confirm the timing on these activities.

A participant asked Brattle to expand on adjacent customer markets.

Brattle replied that certain participants may be able to capture value streams outside of wholesale markets. For example, storage could provide value to end use customers to avoid distribution outages, and distributed resources could earn a payment for avoiding distribution system costs. Adjacent customer markets represent potential opportunities for stakeholders and these types of revenue streams can be brought into the scenarios.

Conclusion and Wrap-Up – Barbara Ellard, IESO

The IESO thanked all participants for attending and invites ongoing feedback from stakeholders. Feedback should be sent to engagement@ieso.ca.

Meeting session adjourned at 12:00 pm.

The next MRWG meeting is scheduled for August 15, 2018.