

Market Renewal Working Group

Terms of Reference

September, 2017

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Market Renewal Working Group Terms of Reference

1. INTRODUCTION

The IESO's Market Renewal Project proposes an ambitious set of initiatives that will amount to a fundamental redesign of Ontario's electricity markets to prepare the sector for future change. The IESO established the Market Renewal Working Group to assist the IESO and stakeholders by providing valuable insight, technical expertise, and advice to support the development and implementation of the market renewal initiatives.

The Market Renewal Working Group was established in 2016 and was originally tasked with providing advice and expertise into a Benefits Case analysis that reviewed and considered some of the benefits and implementation costs associated with a suite of enhancements to Ontario's electricity market design. With the completion of the Benefits Case, the role of the Market Renewal Working Group has been enhanced to help guide and contribute to the overall success of market renewal during the design phase of the initiatives.

These terms of reference are intended to outline the roles and responsibilities of the Market Renewal Working Group, its relationship to other stakeholder forums and a description of how it will contribute to the overall success of market renewal.

2. ROLE OF THE MARKET RENEWAL WORKING GROUP

2.1. Role

The Market Renewal Working Group is a representative stakeholder forum to guide, advise, and inform the IESO on important issues that will impact the overall success of the market renewal initiative.

2.1.1. Market Renewal Sub-Committees – The Market Renewal Working Group may deem it necessary from time to time to establish sub-committees to investigate a particular issue or subject matter in detail.

2.1.2. Such sub-committees will be temporary in nature and have a focused scope and mandate.

2.2. Relationship to other IESO Engagement Mechanisms and Processes

2.2.1. The IESO will utilize the Market Renewal Working Group in conjunction with all the engagement principles, mechanisms, and processes established by the IESO, including:

2.2.1.1. Broad policy-level advice - The IESO Board looks to the Stakeholder Advisory Committee (SAC) to provide broad policy-level advice on ideas

and initiatives for change brought forward by the IESO or other parties. Market Renewal will be a regular discussion item at SAC meetings.

2.2.1.2. Stakeholder engagements - IESO will utilize regular and open engagements to work with stakeholders on market design and seek input and advice from stakeholders on technical and related issues.

2.2.1.3. CEO Roundtable - The IESO will develop a CEO Roundtable on Market Renewal for the purpose of seeking advice and input from senior executives in the electricity sector on the Market Renewal project.

2.2.1.4. Technical Panel - The IESO recognizes the importance of the Technical Panel to ensure an effective rule-making and approval process.

2.2.2. The IESO will ensure that there is alignment and transparent communication between the different forums and the MRWG.

3. RESPONSIBILITIES OF THE MARKET RENEWAL WORKING GROUP

3.1. Responsibilities

The responsibilities of the Market Renewal Working Group members are:

3.1.1. To work together with the IESO on ensuring that the identified initiatives under market renewal are developed, designed, and ultimately implemented in an effective and timely manner;

3.1.2. To provide advice and guidance to the IESO on market renewal issues that may arise through market renewal engagement initiatives;

3.1.3. To help address strategic and 'seams' issues associated with market design changes and implementation proposals;

3.1.4. To help ensure effective coordination and integration of market renewal engagements and workstreams;

3.1.5. To assist the IESO to communicate developments and issues to stakeholders and other interested parties to help support transparency;

3.1.6. To comply with these Terms of Reference;

3.1.7. Working Group Members are expected to:

3.1.7.1. Actively participate and attend all meetings either in person or via conference call/webinar;

3.1.7.2. Be committed to being prepared, working hard, and participating constructively and collaboratively;

3.1.7.3. Review all discussion material in advance of meetings;

3.1.7.4. Carry out tasks assigned; and,

3.1.7.5. Inform the Co-Chairs about conflicts of interest.

3.2. Substantial Consensus

3.2.1. The Market Renewal Working Group will operate in a collaborative and constructive manner and will work to achieve 'substantial consensus' on issues based on the principles and goals of market renewal and on how best to move

forward. Determination of whether substantial consensus has been achieved will be made by the co-chairs, in consultation with the Market Renewal Working Group.

3.2.2. The IESO, in consultation with the Market Renewal Working Group, may use the services of a third-party facilitator to help guide discussion and, if needed, to assist in achieving substantial consensus.

3.2.3. Different perspectives, including dissenting opinions, will be recorded with reasons and will be included with any reporting of discussions where substantial consensus has been achieved.

3.2.4. Should substantial consensus be deemed unachievable, the various leading options will be discussed and each Working Group member will be asked for their perspective and rationale. These views will be documented by the IESO and will be reviewed by the MRWG members and co-chairs. The IESO may use this information for internal discussions and may also publish it on the IESO website.

3.2.5. The IESO shall have the final authority to approve or reject (with reasons) any outcome or recommendation of the Market Renewal Working Group.

3.3. Guidance to IESO

3.3.1. The IESO will look to the Market Renewal Working Group to help guide the development and design work of the various market renewal initiatives. The Working Group will provide advice on:

3.3.1.1. How best to engage with stakeholders, market participants and other interested parties;

3.3.1.2. The scope and detail of design discussions;

3.3.1.3. Ways to ensure timely and effective development, design and implementation of the market renewal initiatives.

3.4. Strategic and Seams Issues

The Market Renewal Working Group will follow closely the development and evolution of market design discussions within the various engagements to identify any potential integration, strategic, or 'seams' issues that may result from one or more market design elements.

3.5. Coordination

The Market Renewal Working Group, led by the co-chairs, will take an active role in communicating with other stakeholders and other forums and groups to help ensure continued coordination, alignment, and overall integration of the market renewal

initiative.

3.6. Other Issues

The Market Renewal Working Group may review and discuss other issues (of a technical or policy nature) that may directly or indirectly impact market renewal but that are not part of any particular engagement workstream.

3.7. Issue Resolution

From time to time, it is envisaged that the Market Renewal Working Group will be asked to provide guidance to the IESO to help in the resolution of issues that may arise on market renewal initiatives. The Market Renewal Working Group will work with the IESO to assess options and identify potential solutions. The different perspectives and resulting decisions of the Market Renewal Working Group will be recorded, as required, to ensure that decisions are made in a transparent manner

4. COMPOSITION OF THE MARKET RENEWAL WORKING GROUP

4.1. Working Group Members

4.1.1. The Market Renewal Working Group will be co-chaired by a representative of the IESO and (a) representative(s) selected by the Working Group members. The Working Group will have a minimum of 10 and a maximum of 25 members, to provide a fair and balanced representation of different stakeholder communities with a direct interest in or who are impacted by the market renewal initiative.

4.1.2. Members will represent market participants in the following categories:

- 4.1.2.1. Generators
- 4.1.2.2. Consumers
- 4.1.2.3. Energy Traders
- 4.1.2.4. New Market Entrants
- 4.1.2.5. Emerging Technologies
- 4.1.2.6. Demand Response
- 4.1.2.7. Local Distribution Companies
- 4.1.2.8. Market Surveillance Panel

4.1.3. The preference for membership is from licensed market participants, association representatives, or new potential participants in the IESO administered markets. There is no term-limit to membership on the Working Group.

4.1.4. All Market Renewal Working Group members are permitted to nominate an alternate. When the alternate attends, the expectation is that they are fully prepared to participate. To ensure consistency, each working group member may only designate one alternate. The alternate need not be an employee of the same organization but they are expected to represent the same constituency. Working Group members and alternates are expected to communicate to each other the substance of meetings to

ensure a continuity of discussion.

- 4.1.5. Market Renewal Working Group members may nominate an independent consultant as their alternate. Such consultants must be retained by the Working Group member and may be asked to demonstrate the same to the IESO.
- 4.1.6. All Working Group members and alternates are expected to have substantial industry knowledge commensurate with the qualifications outline in Section 4.3 below.
- 4.1.7. The exact composition of membership and the size of the group may be adjusted over time as the market renewal initiative evolves.
- 4.1.8. The representation within each constituency is subject to change by the IESO in order to accommodate the changing requirements or particular skill-sets/expertise needed for market renewal.
 - 4.1.8.1. The Co-Chair(s) may also request that the IESO issue a call for nominations to replace a member or to seek new members who represent perspectives that are not adequately reflected in the current membership.
- 4.1.9. Organizations may not have more than one representative as a member of the Working Group at any one time
- 4.1.10. From time-to-time, the IESO may issue a new call for nominations for membership on the Market Renewal Working Group.

4.2. Nomination and Appointment of Members

- 4.2.1. Decisions regarding membership for the Market Renewal Working Group will typically be made by the IESO through an open call for nomination process.
- 4.2.2. The IESO may make membership appointments outside of a formal call for nominations if there is a pressing need to do so.
- 4.2.3. The status of a Working Group member may be impacted by a change in their employment or affiliations such that they are no longer in a role that supports their participation in the Working Group. It is the responsibility of the member to discuss this with the IESO and Working Group co-chairs.

4.3. Qualifications of Members

- 4.3.1. Nominees should be senior members of their respective organization with demonstrated responsibilities, experience and expertise in the IESO administered markets and preferably also with markets in other jurisdictions. While they may be representatives of a particular organization, they are also committed to bring forward views on behalf of their constituency.

4.3.2. In addition to representing the views of their respective organization and constituency, members are also expected to provide input that adheres to, and is consistent with, the mission and principles of the Market Renewal Program.

4.4. Stakeholder Co-Chair(s)

4.4.1. The Market Renewal Working Group will be Co-Chaired by an IESO representative and one or more stakeholder representatives.

4.4.1.1. The nominee(s) for Co-Chair(s) may be Working Group member or may be an individual from outside of the Working Group. The co-chair(s) is/are expected to represent the Working Group as a whole rather than their particular constituency.

4.4.1.2. Where more than one nominee is brought forward, the co-chair position will be determined by a vote of the Market Renewal Working Group.

4.4.1.3. The Working Group may opt to share the duties of the co-chair with more than one individual.

4.4.2. Roles and Responsibilities of Co-Chair(s)

4.4.2.1. Along with the IESO, the Co-Chair(s) will play a leadership role and help to provide effective governance, administration and facilitation of all Working Group meetings.

4.4.2.2. The Co-Chair(s) will assist the IESO in the planning and development of Working Group meetings and agenda items.

4.4.2.3. The Co-Chair(s) will help guide, support, and advance collaborative discussion within the Working Group.

4.4.2.4. The IESO will have regular discussions with the Co-Chair(s) on how best to meet certain market renewal deliverables and milestones.

4.4.2.5. The Co-Chair(s) will serve as an important liaison between the Working Group and related stakeholder forums. In doing so, the Co-Chair(s) will provide an independent stakeholder perspective and update on market renewal to other stakeholder forums where and when required.

5. MEMBERSHIP TERMINATIONS

5.1. Membership in the Market Renewal Working Group may be terminated in one of the following ways:

5.1.1. If a member's employment situation changes such that they are no longer able to adequately represent their stakeholder community, they are expected to notify the

Market Renewal Working Group Co-Chairs. Their membership would be terminated and a call for nominations would be made to fill the vacancy created by the member's termination.

- 5.1.2. If a member feels they are no longer able to meet the time and work commitments, they may voluntarily resign by notifying the Market Renewal Working Group Co-Chairs. The vacancy created by the resignation would be filled through a call for nominations.
- 5.1.3. The IESO reserves the right to terminate any Market Renewal Working Group member's membership due to low attendance and/or a lack of participation. More than two consecutive absences, without prior notice and justifiable rationale to the co-chairs, may warrant replacement of that Working Group member. The member would be notified of their termination by the Co-Chairs. The vacancy created would be filled through a call for nominations.

6. SUB-COMMITTEES

- 6.1. The Working Group may from time to time, create 'sub-committees' to consider and investigate in detail a particular issue or subject area. Sub-committees must report back to the Market Renewal Working Group their findings.
 - 6.1.1. The Market Renewal Working Group will define the scope, membership approach, and terms of reference for a sub-committee. The Market Renewal Working Group will strive to ensure a consistent approach to the development, scope, and terms of reference for sub-committees.
 - 6.1.2. Membership on sub-committees will be open to non-Working Group members. The MRWG will determine whether participation on a sub-committee will be open or whether a membership call must be issued. Each sub-committee must have at least one Market Renewal Working Group Member; such Working Group members are expected to actively participate in the work of the sub-committee.
 - 6.1.3. Sub-committee members are expected to adhere to the same attendance and participation requirements as those applicable to the Market Renewal Working Group.
 - 6.1.4. Sub-committee will be co-chaired by the IESO and a member of the Market Renewal Working Group or sub-committee.
 - 6.1.5. The IESO will determine the frequency the sub-committee will meet and will facilitate the logistics.
 - 6.1.6. The IESO sub-committee co-chair will provide regular updates of the sub-committee's activities to Market Renewal Working Group.

6.1.7. The sub-committee co-chairs will present the findings of their analysis, along with any recommendations and points of view, to the Market Renewal Working Group.

7. ORGANIZATION AND ADMINISTRATION OF MEETINGS OF THE MARKET RENEWAL WORKING GROUP

7.1. Number of Meetings

7.1.1. While a specific number of meetings is not determined, the Working Group can expect to meet on at least a monthly basis with regular communication and work activities between meetings.

7.2. Meeting Authority and Normal Order of Business

7.2.1. The Co-Chairs or their delegates shall preside over meetings of the Working Group.

7.2.2. Each meeting shall begin with roll call, review of the agenda, and prior meeting's minutes.

7.2.3. Working Group meetings will generally be limited to Working Group Members and IESO staff. The IESO, in consultation with the Working Group, may extend participation beyond the membership to a particular stakeholder, community, or expert if a need is identified.

8. MEETING MINUTES AND MATERIALS

8.1. Distribution of Meeting Agenda and Materials

8.1.1. The IESO will endeavor to distribute meeting agenda and materials at least one week in advance of the next scheduled meeting. For the most part, all meeting materials will be posted on the IESO website.

8.1.2. After a meeting, the IESO will prepare and post draft meeting minutes in a timely fashion. At the next meeting after such draft minutes are posted, the Co-Chair(s) will invite Working Group members to provide comments on the draft minutes.

8.1.3. After receiving comments, the IESO will finalize the meeting minutes and publish the final version on the IESO website.

9. REMUNERATION OF MEMBERS OF THE WORKING GROUP AND SUB-COMMITTEES

- 9.1. Generally there is no remuneration for Working Group members or Sub-Committee Members. However, the IESO may make exceptions if it is determined that some form of remuneration to one or more Working Group members or sub-committee members is required to ensure representation from a particular stakeholder community that would otherwise be unable to effectively participate in the Working Group or sub-committee.

10. PROCEDURES, UPDATE AND REVIEW

10.1. Updates Procedure

10.1.1. These Terms of Reference are not exhaustive and the Working Group may encounter circumstances not contemplated in this document. In these instances, the Co-Chair(s) will consult with the Working Group on how best to address such circumstances.

10.1.2. The Market Renewal Working Group may recommend changes or additions to these Terms of Reference from time to time.

10.2. Review

10.2.1. At regular intervals, the IESO will invite the Working Group to submit their views on the effectiveness of the group and its mandate.