

Market Development Initiative

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Introduction

- In 2016 the IESO intends to work with stakeholders to develop a multi-year work plan for market development
- The plan will:
 - Identify priority market development projects that address existing issues with Ontario's market design and prepare for future opportunities and challenges
 - Establish timelines for design and implementation
 - Provide a clear path forward to enable informed decisions by all participants

Pre-consultation

- In Q4 2015 IESO engaged in pre-consultation with some stakeholders, including SAC
- Opportunity to initiate discussion on how to improve the wholesale market
- The goal is develop a longer-term cohesive work plan and move forward with market development

Stakeholder Priorities

- Be mindful of the changes happening in the sector
- Increasing efficiency should be a key objective
- Preserve value of existing contracts
- Focus on practical solutions not theoretical goals
- Requires commitment from all key stakeholders (IESO/Industry/Government)
- Discussion on governance is required but need not be within this initiative
- Work within the resource constraints of all involved parties

Proposed Scope for Work Plan

- IESO will continue to seek feedback from stakeholders and interested parties as to what their priorities and perspectives are with respect to market development
- IESO will commence a formal stakeholder engagement to discuss and develop a market development work plan
- Some of the potential design changes include:
 - Replacing the two schedule system in the near term and introducing a capacity auction longer term
 - Developing a day-ahead market, more frequent intertie trading, and enhanced real-time unit commitment
- Replacement of the two-schedule system will enable other market development work

Next Steps

- The IESO is continuously seeking stakeholder feedback even in advance of a formal engagement in the spring of 2016
- Initial focus for the engagement will be:
 - Establishing elements of the work plan
 - Setting timelines for design and implementation
 - Defining stakeholder engagement processes for the initiative moving forward
- Once market development work plan is established, IESO will begin work with stakeholders to implement the elements of the plan