

Memorandum



To: Technical Panel
From: Jo Chung
Date: February 7, 2017
Re: MR-00425: Real-Time Generation Cost Guarantee – Cost Recovery Framework

Attached for Technical Panel review and consideration are the following documents:

- Presentation (IESOTP Feb 2017-5b)
- Market rule amendment proposal MR-00425-R00: Real-Time Generation Cost Guarantee – Cost Recovery Framework (IESOTP Feb 2017-5c)

The IESO proposes to amend the market rules to enable a new cost recovery framework for the real-time generation cost guarantee (RT-GCG) program. The changes are expected to increase the transparency of costs eligible to be submitted by market participants for recovery under the program, as well as reduce the scope and frequency of audits. The proposed changes are based on the [RT-GCG Program Cost Recovery Framework](#) stakeholder engagement.

The Technical Panel last reviewed the draft amendment proposal at its September 13, 2016 meeting. Since that time, the IESO has worked with members of the generator community to clarify any outstanding issues via two stakeholder engagement sessions held on October 13th and December 15th, 2016. Topics of discussion at the sessions included further details on the allocation of planned maintenance costs, Contractual Services Agreement (CSA)/Long Term Services Agreement (LTSA) start cost allocations, review of draft market manuals, options for transitional issues, proposal for cap and trade costs, and the required market rule edits to incorporate further detail and feedback from the sessions. In addition, for generators that have completed their cost data submissions, the IESO is in the process of providing assessments of resource-specific, pre-approved planned maintenance values. The assessments are expected to be completed in February for this subset of generators.

The attached amendment proposal has been revised since the Technical Panel's last review as follows (changes highlighted):

- Chapter 7, section 2.2B.4 – clarification that eligible maintenance costs are intended to be related to “wear and tear” that occurs during the start-up period;
- Chapter 11 – definition for “wear and tear”; and

- Chapter 9, section 4.7B.5 – inclusion of Cap and Trade costs as being eligible for recovery.

Panel Decision Required

The IESO recommends that the Technical Panel agree to post MR-00425-R00 for stakeholder comment for a period of two weeks ending March 2, 2017. The target for IESO Board consideration is April 12, 2017.

Yours truly,

Jo Chung
Attach.