

# IESO Technical Panel Meeting

## Minutes of Meeting

<b>Date held:</b> September 26, 2017	<b>Location held:</b> IESO Office, Toronto	
<b>Invited/Attended</b>	<b>Sector Representation</b>	Attended; Regrets; Teleconference
Robert Bieler	Consumer	Attended
Ron Collins	Energy Related Businesses and Services	Attended
David Dent	Natural Gas	Attended
Barbara Ellard	IESO	Attended
Sarah Griffiths	Other Market Participant	Teleconference
Brian Kelly	Generator	Attended
Robert Lake	Residential Consumer	Attended
Martin Longlade	Industrial Consumer	Teleconference
Joe Saunders	Distributor	Regrets
Bill Wilbur	Generator	Attended
Julien Wu	Wholesaler	Attended
Bing Young	Transmitter	Attended
Chuck Farmer	Chair	Attended
<b>Observers / Presenters</b>		
David Brown	Ontario Energy Board	Attended
Jo Chung	IESO	Attended
Josh Duru	IESO	Attended
Darren Matsugu	IESO	Attended
Silviu Motoc	IESO	Attended
Udayan Nair	IESO	Attended
Agatha Pyrka	IESO	Attended
Rebecca Short	IESO	Attended
Peter Wiebe	IESO	Attended
Stephanie Yarmo	IESO	Attended
<b>Secretariat</b>		
John Rattray	IESO	Attended
Susan Harrison	IESO	Attended

### Agenda Item 1: Introduction and Administration

#### Chair's Remarks:

The Chair reported that the Technical Panel's 2018 meeting schedule was circulated and asked members to send any comments to Susan Harrison.

He noted that the provincial government is expected to publish its Long-Term Energy Plan around Thanksgiving. Coinciding with the release, the IESO will receive an implementation directive, and will then go through an engagement process to develop an implementation plan.

The Chair encouraged Panel members to watch the IESO website and make use of any other fora that present themselves to participate in the development of the plan.

The Chair reported that Messrs. Kelly and Longlade will be attending their last Technical Panel meeting October 24. A call for nominations for Generator and Industrial Consumer representatives has been published with a September 29 deadline.

The Panel's next meeting on October 24 will be a joint meeting with the IESO Board. The Chair urged members to take advantage of the opportunity to bring forward any topics they think the Board should consider. Board members will also provide their own feedback on the Panel's process changes since implementing the new Terms of Reference. The Chair affirmed that the Board appreciates the Panel's work, and its place within the IESO governance framework and the broader electricity sector. In response to a question from Mr. Lake, the Chair said Panel members were welcome to send their views by email in advance of the meeting.

The Chair invited comments on the minutes of the last meeting.

Mr. Wilbur questioned the reference (page 4, second full paragraph) to a data issue that had emerged from initial analysis conducted by the Demand Response Working Group. Ms. Ellard noted that the discussion was accurately reflected.

Mr. Longlade said the reference on page 7, paragraph 5 to a load break disconnect had been misspelled.

The Chair outlined the agenda for the meeting including votes on two proposed recommendations to the IESO Board. He reminded participants that the voting process would provide them with an opportunity to share comments or explain the rationales behind their votes, and that those insights would be passed on to the Board. On past agenda items, the Board has been appreciative of the comments as part of the Panel's guidance for decisions. He said the Secretariat would circulate the meeting minutes to ensure that all comments were captured accurately, then circulate the Board memo to members.

The Chair also introduced a new agenda item intended to provide information on broader sector initiatives to help provide context for the Technical Panel's deliberations. The Chair invited members to share ideas for future information topics with Susan Harrison.

There were no questions on the Chair's report.

## **Agenda Item 2: Stakeholder Engagement Update**

Susan Harrison, IESO reported that the Conservation Framework: Mid-Term Review engagement was wrapping up discussions on the scope of the review itself, and had commissioned consulting and market research to identify any gaps in the effort to meet the

province's conservation targets for 2020 and beyond. The group meets monthly, and its next public webinar will take place October 25.

Mr. Wu asked whether there was an update on capacity trading with Quebec. The Chair said that, to his knowledge, Quebec had made an offer, and the Ontario Minister of Energy had responded. Ms. Ellard said the IESO was working with Quebec to explore details around facilitating exports, and would consider potential follow-up opportunities over the next year.

The October 4 meeting of the Stakeholder Advisory Committee has been rescheduled to November 29, mainly to accommodate the Long-Term Energy Plan implementation process and the IESO's business plan review.

There were no questions on the Stakeholder Engagement Update.

### **Agenda Item 3: Update on Market Renewal Program**

Barbara Ellard gave an update on stakeholder engagements for the Market Renewal Program and reviewed the objectives of the process itself. She summarized the presentation slides already provided to Panel members. She highlighted a few of the projects that the IESO is working on in advance of the Market Renewal Program, namely interim flexibility, operating reserve changes, and demand response auction enhancements and capacity exports.

One area that has not been as clearly defined within Market Renewal is enhancing flexibility and operability – more frequent intertie scheduling can help with that. The IESO will also investigate a permanent flexibility product in due course. Small, incremental changes to the energy stream are also expected to unlock greater flexibility in the allocation of resources.

The Incremental Capacity Auction under Market Renewal will provide a mechanism for demand response resources to participate on an equal footing with big generators. The auction will also build in capacity trade, which has started with the IESO enabling capacity exports to New York. IESO is also having ongoing discussions with Quebec, initial discussions with the Midcontinent Independent System Operator (MISO), and with the PJM Interconnection in the preparation of the Lake Erie Connector.

Market Renewal cannot be expected to capture all the elements and changes that will shape the future market, or to address all the broader issues surrounding market design, Ms. Ellard said. However, participants in the process have been discussing ways to continue aligning with broader sector changes, such as government climate policy.

The Market Renewal Working Group has engaged consultants at Navigant to address broader strategic issues that interact with the process, and have formed a subcommittee on non-emitting resources. Ms. Ellard said those discussions will be an opportunity to think through the appropriate design choices for Ontario's supply mix, whether they have to do with policy

context, or other aspects of market design. Engagements on the Single Schedule Market and Incremental Capacity Auction have moved into the options phase. Engagements on the Day-Ahead Market and Enhanced Real-Time Unit Commitment are about to begin, with a series of education sessions coming up this fall.

Mr. Bieler asked to what degree the Working Group was engaging with other competitive jurisdictions to gain access to best practices. Ms. Ellard said engagement with other independent system operators and regional transmission organizations was high on the group's agenda. Individuals involved with Market Renewal have visited with several ISOs to bring back lessons learned.

Mr. Collins asked how the process would balance short-term design with the longer-term discussion of environmental attributes. Ms. Ellard said the sub-committee will focus on examining key market design choices in a manner that it will not delay the design phase. In addition, the sub-committee will also examine other options, such as an environmental attributes market. She said there is also a consideration that there will be further conversations about this that will be triggered by the work of the sub-committee.

For example, the Working Group has agreed to keep the discussion of non-emitting generators broader and relatively open, rather than arriving at a definition that excludes any option. Market Renewal is an open process, Ms. Ellard said, and the goal is to bring different perspectives and considerations to the table.

Mr. Collins said the natural gas industry is facing some pressure to move toward renewable natural gas (RNG), and asked whether that possibility was being contemplated in Market Renewal discussions. Ms. Ellard said the Working Group had identified gas-electricity interface as a strategic issue, but had not yet done further work to determine whether it was a Market Renewal issue, or just a downstream consideration for those resources. Mr. Collins said a gas plant with the ability to burn either fuel could play both sides, which would have a bearing on future dispatch of available resources if environmental attributes became a market criterion.

Mr. Dent noted the reference in Ms. Ellard's prepared presentation to options for creating incentives for non-emitting resources (page 11, last bullet) in ways that would be consistent with Market Renewal. He suggested that negative incentives applied to emitting resources are already occurring through cap-and-trade, thereby driving down emissions, and asked whether the additional incentives would be a duplication. Ms. Ellard said the Working Group and its subcommittee on non-emitting resources would explore the full range of mechanisms, their current state, and how to prepare for the future market.

Mr. Dent expressed concern that the process of adding even a simple new element could make the market rules as a whole more complex. He asked whether a focus on economic drivers would simplify the rulemaking process. Ms. Ellard replied that, broadly speaking, Market

Renewal will produce substantial changes to the market rules as a whole, but it would be premature to predict specific changes or impacts.

Mr. Wu said the decision on whether environmental attributes should be added to the energy, ancillary, or capacity stream would be extremely complex. It may well turn out that cap-and-trade alone will not provide sufficient incentive for renewable generation, he said. He traced the experience in other jurisdictions, like ISO New England, MISO, and PJM Interconnection, that led to the formation of the subcommittee, noting that those entities and others were grappling with the same issue. He noted that the subcommittee had only just finalized its terms of reference, but would be looking at the specific issues that arise in a jurisdiction like Ontario that has phased out coal, shifted to clean energy, and is now designing a future system that is transparent and market-driven, and can quickly bring on new renewable generation resources as needed.

Mr. Kelly asked whether the Working Group had been given any “no-go zones” or restrictions on its scope. Ms. Ellard said it had not. In reply to a follow-up question from Mr. Kelly, she said the Working Group was aware of the history around locational marginal pricing (LMP) and load pricing, and had deliberately introduced those issues early enough in the process to ensure they receive full consideration. The Chair said the Working Group might encounter checkpoints on policy once the province’s Long-Term Energy Plan has been published.

Mr. Longlade asked at what point the review of the Single Schedule Market would be able to determine the impact of various load generation pricing strategies on existing consumers, and on specific regions like Northwestern Ontario. Darren Matsugu, IESO, said the question was very timely, given that the stakeholder engagement on the Single Schedule Market was reviewing multiple elements, including load pricing design. To date, he said the process had qualitatively identified different load pricing options, based on experiences in other jurisdictions. The next engagement meeting in late October will take a quantitative look at the impacts of specific options in various parts of the province, based on historical data as well as a recent simulation exercise on supply pricing. No decisions have been made yet.. He said background materials on the work so far should be posted a week ahead of the engagement.

The Chair pointed to the valuable overlaps between the Market Renewal Working Group and the Technical Panel, noting that the group had just witnessed the utility of having stakeholders involved in the process address specific details in their role as Panel members.

<b>Agenda Item 4: Mandatory Requirements for Regulation Service Providers (MR-00432)</b>	
Presenters	Rebecca Short Silviu Motoc
Action	Vote to recommend MR-00432-R00 to the IESO Board for consideration at its meeting on October 25, 2017. The recommended effective date is November 17, 2017.

Rebecca Short, IESO, reported that the proposed rule amendment had been posted to the IESO website for two weeks, and received no comments. She invited comments from Technical Panel members, of which there were none.

The Technical Panel voted unanimously to recommend the proposed rule amendment to the Board, with Mr. Saunders voting by proxy and commenting that:

“The proposed amendment will address the issue of transparency and require all registered facilities to meet stated performance requirements. As this rule change applies to all registered facilities regardless of location, this will result in a more stable and predictable grid.”

<b>Agenda Item 5: Market Rules True-Up – Disconnection Orders (MR-00431)</b>	
Presenters	Josh Duru Peter Wiebe
Action	Vote to recommend MR-00431-R00 to the IESO Board for approval at its meeting on October 25, 2017. The recommended effective date is November 17, 2017.

The Chair recalled that this proposed rule amendment had generated considerable discussion at the previous Technical Panel meeting. Josh Duru, IESO, reported that the proposed rule amendment had been posted to the IESO website for two weeks and received one comment, in which the Electricity Distributors Association advised that the amendment “must be explicit that the LDC is held harmless from any and all consequences when disconnecting an embedded WMP at the IESO’s direction and under the authority of the Market Rules”.

Mr. Duru affirmed that the IESO welcomes all comments from market participants, and thanked the EDA specifically for its comments. He said the IESO had issued a response to the EDA, expressing the view that LDCs are sufficiently protected by the proposed language of the amendment, which aligns with existing sections of the market rules and the Distribution System Code. The IESO did not see any need to add anything further to the proposed amendment and requests that the Technical Panel recommend the amendment for Board approval.

Mr. Lake asked whether the IESO was aware of any court jurisprudence that would substantiate its assurance to the EDA. John Rattray, IESO said the language of the Distribution System Code addresses a broad range of situations, including loss of profits or revenues, business interruption, loss of contract, loss of good will, indirect, consequential, incidental or special damages.

Mr. Rattray said he had not undertaken a review of court decisions, nor had the EDA asked for one or referenced any case that had produced a contrary finding.

The Technical Panel voted unanimously to recommend the proposed rule amendment to the Board, with Mr. Saunders voting by proxy and commenting that:

“The proposed amendment to the market rules will clarify which market participants that the IESO may issue a disconnect order, thereby providing consistent treatment of all market participants, regardless of the type of market participant. The amendment will more clearly identify the obligations of transmitters, distributors, and other market participants to comply with IESO disconnection orders, thereby providing consistent process to be followed.”

#### **Agenda Item 6: Other Business**

There was no other business. The Chair then invited Udayan Nair, IESO to deliver a presentation under the Sector Information agenda item – Distributed Energy Resources.

#### **Agenda Item 7: Sector Information**

Udayan Nair, IESO, delivered a sector information presentation and answered questions on Grid-LDC Coordination and Interoperability Initiatives. The discussion among Panel members focused on:

- The level of visibility for resources under 5 MW within the IESO system
- The rationale for the IESO to seek greater visibility with the rise of distributed resources, rather than leaving it to LDCs to keep track of smaller-scale generation within their jurisdictions
- Whether sales data from large retailers, or installation records from Ontario’s Electrical Safety Authority (ESA), would help the IESO keep track of behind-the-meter devices— and whether the IESO could realistically request that information in a form that met privacy standards, even though the ESA has no obligation to provide it
- The hour-by-hour supply and demand patterns on the California grid, the extent to which similar shifts might occur in Ontario, the prospect that the off-peak period for charging electric vehicles and distributed storage systems might shift to mid-day, rather than overnight, and how pricing regimes might evolve as a result

- Whether the Market Renewal process would lead to an expectation that load-serving entities would provide local area forecasts, reflecting the impact of behind-the-meter generation and storage
- The reality that, however the Market Renewal process concludes, it will be paramount for market participants adopt to new issues, opportunities, and business models.

Ms. Griffiths pointed to the absence of any Technical Panel member on the Grid-LDC Interoperability Standing Committee, and suggested a higher degree of alignment might be useful to both entities.

The Chair thanked Mr. Nair for his presentation and invited Panel members to submit other ideas or topics for future “Sector Information” items.

The Chair then adjourned the meeting.

Action Item Summary			
Date	Action	Status	Comments
September 26, 2017	Provide information about Grid-LDC Interoperability Standing Committee.	Closed	<a href="#">Link to Grid-LDC Interoperability webpage</a> for meeting notes (containing a list of attendees) and other meeting materials
Dec. 1, 2015	The IESO will provide an update to the Panel regarding the potential timelines and impacts of changing the reference to the OPA within Chapter 1 of the General Conduct Rule.	Open	