

### Draft Minutes of Meeting

<b>Date held:</b> January 21, 2014	<b>Time held:</b> 9:00 am	<b>Location held:</b> Minto Boardroom
<b>Invited/Attended:</b>	<b>Constituency Represented or Company Name:</b>	<b>Attendance Status:</b> (A)ttended; (R)egrets
<b>Panel Members</b>		
Edith Chin	Natural Gas Industry Rep.	A
Shelley Cunningham	Distributor Representative	A
David Curtis	Transmitter Representative	A
Darren Finkbeiner	IESO Representative	A
Brian Kelly	Generator Representative	A
Robert Lake	Residential Consumers Rep.	A
Martin Longlade	Industrial Consumers Rep.	A
Kazi Marouf	Distributor Representative	A (via teleconference)
Peter Rowles	Commercial Consumers Rep.	A
Yannick Vennes	Retailers and Wholesalers Rep.	A
Bill Wilbur	Generator Representative	A
Mark Wilson	Chair	A
<b>Stakeholder Observers</b>		
Martine Band	Ontario Energy Board	A
David Brown	Ontario Energy Board	A
Dave Butters	Association of Power Producers of Ontario (APPrO)	A
Susan Harrison	IESO	A
Devon Huber	IESO	A
Mehran Hydary	Hydro One	A
Kevin Mancherjee	Hydro One	A
Emanuel Movchovitch	Ontario Power Authority	A
Glenn McDonald	IESO	A
Nick Shkordoff	IESO	A
Brian Rivard	IESO	A
Mark Tinkler	Customized Energy Solutions	A
Candice Trickey	IESO	A
Vlad Urukov	OPG	A
Samira Viswanathan	Bruce Power	A

Secretariat		
Reena Goyal	IESO	A
John Rattray	IESO	A

All meeting material will be posted on the IESO web site at:

[http://www.ieso.ca/imoweb/amendments/tp\\_meetings.asp](http://www.ieso.ca/imoweb/amendments/tp_meetings.asp)

### **Agenda Item 1 – Administration**

Agenda: The agenda was approved.

Minutes and Action Items: A generator representative requested the following changes to the draft minutes of the TP 274 meeting:

- In the last paragraph of page 4, clarify that the differences between the arbitration and a hearing at the OEB would require further investigation; and
- In the 3<sup>rd</sup> paragraph of page 5, clarify that no written comments had been received and that the IESO was still requesting stakeholders to submit comments in writing.

With the minor changes requested by a generator representative, the Panel unanimously approved the draft minutes of the TP 274 meeting.

IESO staff provided an update on the open IESO action items indicating that:

- AI-263-1 and AI 265-1 were closed during the December 2013 Panel meeting;
- AI-274-1, 274-2 and 274-3 will be addressed during Agenda Item 3: General Conduct Rule; and
- AI-274-4 regarding the latest Market Surveillance Panel (MSP) Report observations on the effectiveness of MR-00395-R00, the IESO noted that the MSP reported on the effectiveness of MR-00395, and requested Panel members review the report as the IESO will recommend that AI-274-4 be closed at the February 2014 Panel meeting. ([MSP Report Nov2012-Apr2013\\_20140106.pdf](#), summary on page 3, discussion pages 133-148).

Chair Remarks: The Chair informed the Panel that a new IESO representative would be taking the place of Darren Finkbeiner at the upcoming February meeting and thanked Darren for his contributions to the Technical Panel. The representative will be nominated to the IESO Board in February.

The Chair also informed the Panel that the IESO would be transitioning to a new Chair by mid-2013. Jeannette Briggs of the IESO will be taking over the role.

The Chair reminded the Panel of the upcoming IESO summit on February 11, 2014 and requested that any interested members apply via the IESO website to attend as there is still space available.

The trader and wholesaler representative asked if there was any development on the appointment of a financial services representative. The Chair informed the Panel that he was still in the process of filling the vacant position.

## Agenda Item 2: Stakeholder Engagement Update

The purpose of this discussion was to inform the Panel of the status of current stakeholder engagements within the IESO.

The IESO representative provided the following updates on IESO stakeholder initiatives:

- SE-91: Renewable Integration work has been completed and will be closed.
- SE-106: Global Adjustment Review has been completed and will be closed.
- SE-107: Prudential Review has been completed and will be closed.
- SE-116: Online Prudential Enhancement Working Group covers prudential tool enhancements; no market rule changes are expected.
- SE-109: Outage Management Redesign Process is currently continuing training activities for the interim process and discussions for the final redesign process will begin later in Q1.
- SE-110: Transmission Rights Market Review will be issuing a discussion paper on the stabilization formula and have tentatively scheduled a stakeholder session for February. Phase 2 of the review has been initiated.
- SE-111: Review of Generation Guarantee Programs, responses to stakeholder comments have been posted. The IESO is currently conducting analysis to find evidence whether the current RT-GCG program has operated inefficiently by looking for examples of over-commitment. The next session to review results of this analysis will occur at the end of February/early March.
- SE-112: General Conduct Rule will be discussed during Agenda Item 3.
- SE-113: Settlement Meter Data Applications Working Group does not expect any market rule amendments related to the engagement.
- SE-114: Energy Market Pricing System Review has had analysis completed by an external consultant, Market Reform. The IESO is internally reviewing that analysis before scheduling the next stakeholder engagement session.

The natural gas representative asked if any market rule amendments would be initiated from SE-106: Global Adjustment Review. The IESO representative responded that SE-106 was undertaken because of the recommendations that came out of the Electricity Market Forum, and that the Ministry is accountable for the Global Adjustment. No market rule amendments are expected.

## Agenda Item 3:

<b>MR-00407: General Conduct Rule</b>	
IESO Support Staff	Jo Chung, Devon Huber & Glenn McDonald
Stakeholder Plan	SE-112

The purpose of this discussion was to provide an update on three action items (AI-274-1, 274-2, 274-3) related to the general conduct rule (GCR), and to seek the Panel's recommendation that draft

amendment submission MR-00407: General Conduct Rule warrants consideration as a regular priority item (refer to documents IESOTP 275-3a, b, and c).

The Chair provided a summary of the December 2013 Panel meeting, noting that, given concerns raised by stakeholders, the IESO delayed the vote of warrants consideration for the amendment submission originally planned for that meeting. Given the lack of progress approaching the January 21<sup>st</sup> Technical Panel meeting on the governance issue, the vote for warrants consideration was going to be further delayed. However, after the materials for the January meeting were distributed, the IESO believed that discussions among the IESO, the Association of Power Producers of Ontario (APPrO), and the OEB had made sufficient progress on the governance issue such that a vote on warrants consideration on the concept of a GCR could proceed. The Chair emphasized that a vote for warrants consideration relates to the essential merits of a GCR and the need to move forward in the process, and not about any specific GCR market rule language discussed to date.

The Chair added that governance discussions since December have focused on alternative mechanisms for market participants to deal more directly with the OEB in adjudication of GCR cases, and that only a high-level agreement has been discussed by the IESO, APPrO, and the OEB. The Chair noted that APPrO had submitted to the IESO an alternative GCR market rule amendment submission for possible circulation to the Panel but that APPrO agreed to have only a single amendment submission brought forward for this meeting, for the purpose of a warrants consideration vote. It was agreed that submission would not be reflective of the conceptual language originally put forward by the IESO and would only be about the concept of the need for a GCR. Market rule language would not be included with the submission.

The IESO's Market Assessment and Compliance Division (MACD) offered to have one-on-one conversations with interested parties to discuss in more depth than a Panel meeting would permit the issues most important to each party, and when complete, will draft market rule language which will be discussed via SE-112 in order to reach the broader audience. No specific details on governance will be provided at this time as discussions are still in progress. Further, the IESO appreciates that these discussions do not imply that a three party agreement as between the OEB, IESO and generators is expected to be conclusive, and that all stakeholders will have the chance to comment whether they are in favor or against an alternative "governance", or adjudicative arrangement that may be suitable to a GCR, or to suggest their own such proposal for consideration during the comment period.

The industrial consumer representative asked whether all relevant market rules will be drafted, and if all stakeholder concerns will be addressed before the next Panel meeting. The Chair responded that the GCR related market rules will be drafted before the February 25<sup>th</sup> meeting, and that the IESO will first have the one-on-one discussions with stakeholders and then the broader SE-112 group to ensure everyone understands the proposed market rules language. The Panel will then be asked to vote at the February 25<sup>th</sup> Panel meeting to post the amendment proposal for stakeholder comment.

A generator representative commented on the timelines presented for the development of the market rules language, suggesting that they appeared 'tight', and that it would need to be in a 'final' state for the February vote to post for comment, noting that if any substantive comments are received, there will be a need to re-post for comment. The Chair responded that it is the goal to draft a final set of market

rules for the February meeting, noting the potential of a need to re-post depending on the comments received subsequent to that meeting and the degree of language change deemed necessary. The IESO intends to continue to work with stakeholders to meet the original target for April Board approval of the market rules.

A generator representative asked for more clarity regarding the status of the APPrO amendment submission circulated to the IESO. The Chair responded that the IESO understood that it had agreement from APPrO that a GCR warrants consideration and thus one submission from the IESO has been drafted which does not contain specific market rule language, and simply refers to the rationale for a GCR. The next step after the 'warrants consideration' vote is for the IESO to work with stakeholders to draft market rule language.

IESO staff reiterated that the request for a vote of 'warrants consideration' is only on the concept of a GCR, and that there did not appear to be significant disagreement regarding the need for a GCR. He added that for the market rules development, the IESO and stakeholders are not starting from the beginning on the discrete elements of market rules language, and that a finite number of variables have been identified. Through SE-112, the IESO is aware of comments voiced or submitted by various constituents, and will engage first in bilateral discussions with those constituents to refine the options under consideration and ensure the rationales for those options are well understood. The conceptual language presented in November at SE-112 and the December Panel meeting will not be the market rules language proposed in February – some changes have already been decided, others are uncertain, a few may be unlikely. There may not be total unanimity on the proposed language but everyone will know where the IESO stands and the IESO is optimistic it can work with stakeholders on the market rules language.

A generator representative asked what the process would be if there is no agreement on what the GCR language should consist of at the next Panel meeting, and asked again for further clarity on what the status of the APPrO market rule amendment submission was, noting that it appeared that APPrO has submitted a formal submission for a market rule amendment. The Chair repeated that the IESO understood that it was agreed to not bring the APPrO amendment submission forward at this time. There is always the option for any market participant to make an amendment request. The next step is to proceed with the current submission that is void of any market rules language, and to work with stakeholders on market rules language. The generator representative responded that it is his view that the amendment submission has been formally submitted and should be 'in play'.

The retailers and wholesalers representative asked if the status of APPrO's submission was equivalent to the submission being "stayed." An observer representing APPrO was invited to speak and represented that APPrO did submit a market rule amendment submission with specific proposed market rule language, and indicated it was agreed that the relevant parties would work through the issues collectively, but agreed with the generator representative that there is an outstanding question as to what the official status is of the submission. The Chair responded that this was uncharted territory. The IESO representative responded that typically, where there have been disagreements on market rules language in the past, another market rule amendment submission has not been submitted. IESO staff added that conceptual language was only presented at SE-112 in November and at the December

Panel because stakeholders asked to see some conceptual language so that they could better grasp what such a market rule would look like, rather than abstract elements.

The industrial consumer representative stated that the reason for the alternative APPrO market rule amendment submission could be due to a lack of confidence that an agreement will be developed with the IESO. IESO staff responded that this type of market rule may make some participants unhappy and that therefore, an agreement, meaning unanimity may not occur. At this stage in the process the IESO has not yet gotten into feedback submitted to the IESO on the conceptual language and discrete elements, and suggested that stakeholders need to give proposed consultation processes a chance before concluding in advance that discussions on the market rule language will fail.

The natural gas representative stated that if there are disagreements on the market rules language between the IESO and APPrO, that there will be time to sort out the differences. With other amendments in the past, issues were unknown until market rule amendments were posted for stakeholder comment, and there was a lack of time to address the issues. With the GCR, we know of disagreements ahead of time and it is a good sign as there are two months (now until March) to address them.

A generator explained that the main driver for the APPrO submission was the perception of stakeholders that once you enter the Technical Panel process you cannot be assured that comments made regarding market rules have as much influence compared to comments made during the stakeholder engagement process. Concerns on governance issues were stated in SE-112 at the November 29<sup>th</sup> session, and the message from the IESO was that the market rule development was now going to the Technical Panel process. Once the Panel votes for warrants consideration with the market rules language presented at the February 25<sup>th</sup> Panel meeting, the opportunity to get changes by submitting written comments may not result in much substantive change. The natural gas representative responded that this is not necessarily the case.

An observer representing APPrO stated that APPrO has filed with the IESO a fully formed market rule amendment that address APPrO's concerns. APPrO appreciates that this is a unique scenario that has not been dealt with by the IESO in the past. APPrO's perspective is that its submission is alive, but 'dormant' for the time being while it discusses market rules language with the MACD. APPrO believes that it reserves the right to bring its alternate submission to life again if discussions are fruitless. Any form of formal recognition of the submission would be helpful (e.g. MR amendment number). APPrO is interested in good faith negotiations and is willing to get to a mutually agreeable resolution with the IESO, but has not withdrawn their submission.

The industrial consumer representative asked if the APPrO submission should be presented as part of Panel materials. The Chair responded that the IESO understood that it was agreed with APPrO not to, and to present the current MR-00407-Q00, which outlines the rationale for a GCR not specific market rule language, to the Panel to request warrants consideration. Development of specific market rule language is the next step in discussions. The IESO representative added that if APPrO does formally submit its submission, that there would be two submissions on the exact same topic. The IESO would have to develop market rules based on identical submissions. If through MACD's discussions with stakeholders differences remain, the generator representatives can request different wording by

submitting APPrO's market rules language. Sometimes the IESO accepts suggested changes resulting in unanimous Panel votes to recommend the market rule, sometimes not all changes are accepted and Panel members vote against the market rule. All stakeholder comments will be addressed by the IESO in writing. The Technical Panel process is intended to highlight and facilitate different stakeholder views and creates an opportunity for debate and discussion. Having multiple submissions on the same topic has never happened before and how this situation should be handled can be discussed further off-line.

The retailers and wholesalers representative suggested two paths on how to handle the two amendment submissions from the IESO and APPrO: (i) APPrO hold its submission noting that in his opinion, if someone submits a submission it should be 'live' from a process point of view. If APPrO is satisfied with the market rules language proposed by the IESO, then the submission can be withdrawn; (ii) consolidate the two submissions as it is understood that this is an approach used in some U.S. jurisdictions.

A generator representative asked if there was any possibility that the target of having the GCR presented to the IESO Board on April 21<sup>st</sup> could be delayed by a month. The Chair responded that the IESO has received clear direction from the Board to pursue the development of the GCR with the target of reaching the April Board meeting. The IESO's objective is to meet that direction, and will work with stakeholders to draft the language, according to established Panel processes.

A generator representative commented that it was understood that potential 'governance' changes could result in the need for licensing changes and that, depending on how long this could take, asked if the market rules could conceivably be finalized in time for the March Panel vote. The Chair responded that the IESO would first need to have the market rule language drafted to assess any licensing change impacts. If there are licensing impacts, it's possible that IESO Board approval on the market rules could be sought at the April Board meeting with implementation of the market rule to follow at a later date to allow for any licensing changes.

For the three action items related to the GCR, it was agreed to:

- Close AI 274-1 as the IESO has provided the Panel with examples of the application of a GCR in other jurisdictions (refer to IESOTP 275-3a); and
- Keep AI 274-2 and AI 274-3 open (IESO to provide an update of any ongoing discussions around governance, IESO to inform the Panel of any determination on the overlap of a GCR with Good Utility Practice) – further one-on-one discussions will occur with details presented at SE-112.

The industrial consumer representative indicated that he expected more guidance and discussion on the examples of the application of a GCR in other jurisdictions and their applicability to the Ontario market. IESO staff responded that the examples attempted to capture different classes of participants, and that Panel members could read the reports and come to their own views noting that he could not comment on how other ISO's have applied their GCRs. Rules and applications will necessarily be different in each jurisdiction due to the uniqueness of each market.

The transmitter representative asked if there was an example of the application of a GCR against a transmitter or distributor in another jurisdiction. IESO staff responded that he did not know of all cases in other jurisdictions but he could not think of a particular scenario and acknowledged that the main applications are unlikely to have been in respect of transmitters.

To conclude, the Chair asked for the Panel’s vote that MR-00407-Q00 warrants consideration as a regular priority item. The Panel agreed by majority that MR-00407-Q00 warrants consideration with a regular priority. The industrial consumer representative voted against MR-00407-Q00 warranting consideration at this time, citing two reasons: (i) the lack of flexibility in the time lines; and (ii) the Panel member was not convinced that a GCR has been demonstrated by the IESO to be required in Ontario.

**Agenda Item 4: Technical Panel Review**

The IESO conducted a closed door session with the Panel to review the existing Panel procedures and to initiate a Technical Panel self-assessment for the 2013 activities.

**Agenda Item 5: Other Business**

No issues noted.

**Next Panel meeting:** Tuesday, February 25, 2014

**Action Items**

Action Item Summary				
#	Date	Action	Status	Comments
AI 274-1	03-Dec-13	The IESO will provide the Panel with examples of the application of a General Conduct Rule in other jurisdictions prior to the Panel having to vote for warrants consideration.	Closed	
AI 274-2	03-Dec-13	The IESO will provide an update of any ongoing discussions related to the governance concerns that surround the General Conduct Rule.	Open	
AI 274-3	03-Dec-13	The IESO will inform the Panel of any determination made by the IESO regarding the overlap between the General Conduct Rule and the definition of Good Utility Practice as it relates to the IESO-controlled grid.	Open	



Action Item Summary				
#	Date	Action	Status	Comments
AI 274-4	03-Dec-13	Review the next Market Surveillance Panel report observations on the effectiveness of MR-00395-R00.	Open	Proposed to be closed at the February 25, 2014 Panel meeting.