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**APPRO**  
ASSOCIATION OF  
POWER PRODUCERS  
OF ONTARIO

June 9, 2020

Ms. Barbara Ellard, Director – Markets and Procurements  
Independent Electricity System Operator  
120 Adelaide St. W  
Toronto, ON  
M5H 1T1

Dear Barbara:

### **RE: Transmission Rights Market Review**

Following the May 21, 2020 Transmission Rights Market Review webinar, the Independent Electricity System Operator (IESO) sought feedback from stakeholders on a number of issues discussed during the webinar.

This note reiterates APPRO comments provided to the IESO earlier (in response to the Market Development Advisory Group session on April 2, 2020). Other generators and traders may be able to provide more granular responses to questions the IESO raised at the May 21<sup>st</sup> meeting.

#### **TR Market Review**

The IESO notes<sup>1</sup>

“...intertie trading provides the IESO with operational and planning flexibility in its day-to-day operations, and significantly enhances the reliability and cost-effectiveness of Ontario’s electricity system.

The Market Renewal Program (MRP) changes will have a significant impact on TRs. These changes include replacing the uniform Market Clearing Price (MCP) with Locational Marginal Pricing (LMP), shifting TR market settlements from real-time to day-ahead, and changes to the calculation of congestion pricing.”

How these changes are integrated into the TR market will be an important consideration.

We support the proposed TR Market Review and support the IESO’s decision to conduct it outside of MDAG. Few MDAG members are interested in the TR Market while there are many

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<sup>1</sup> <http://www.ieso.ca/Sector-Participants/Engagement-Initiatives/Engagements/Transmission-Rights-Market-Review>

non-MDAG members that are interested in the TR Market. It unnecessary to provide updates to MDAG on the TR Market review.

Stage 1 may require more time than allocated for certain aspects because there may be diverging views on issues such as the TR Market's objectives, the methodology being used to assess the TR Market's value, or the range of system conditions that will be considered when assessing the TR Market's value. We recommend adding flexibility into the IESO's schedule.

For Stage 2, we would recommend the following additional near-term changes for the IESO and stakeholders to consider:

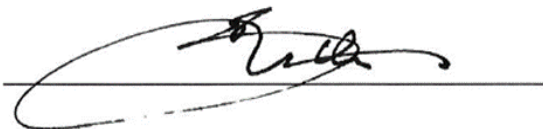
1. More laminations for bids
2. Sell back TRs in subsequent auctions (as contemplated in section 4.1.2 of Chapter 8 of the Market Rules)
3. Buy and sell TRs for balance of a period

Some of these changes could be advanced without significant analysis, such as adding more laminations for bids into the TR market.

Last, in reviewing the proposed timeline, it appears the TR market review design will be finalized by the end of 2020 or early 2021, which is the same time that the MRP detailed design, will be finalized. Although we recognize this initiative is moving in parallel with the MRP, there is overlap with the two projects and it may be beneficial if the IESO would consider including the proposed TR design changes as part of the final MRP detailed design report – even if it is just as an appendix

Thank you for inviting comments on the TRCA disbursement methodology and TR market review. Please contact me if you have any questions about the foregoing.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Butters', is written over a horizontal line.

David Butters  
President and CEO