
MEETING DATE: JULY 22, 2020

Transmission Rights Market Review – Feedback Form

Presenter: Dave Butters

Organization: APPrO

Date Submitted: August 12, 2020

Following the July 22, 2020 Transmission Rights Market Review webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following items discussed during the webinar. Background information related to these feedback requests can be found in the presentation, which can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by August 13, 2020. If you wish to provide confidential feedback, please submit as a separate document, marked “Confidential”. Otherwise, to promote transparency, feedback that is not marked “Confidential” will be posted on the engagement webpage.

General Feedback Comments:

APPPrO welcomes the opportunity to provide feedback to the IESO on the Transmission Right (“TR”) Market Review.

Overall, we agree with the IESO’s conclusion that intertie trading provides benefits to Ontario consumer as well as the overall market. Going forward, APPPrO would like to participate in the focused group meetings to help the IESO explore and evaluate TR Market options.

- The TR market is essential in supporting and facilitating intertie transactions.

Feedback Comments continued:

- Trading on the interties has important system reliability & flexibility attributes as demonstrated by the pandemic:
 - Interties are some of Ontario's largest and most flexible assets
 - Represent potential flexibility of approximately 6,000 MW, delivered across 26 interties with two provinces and three states.

Feedback Comments continued 2:

- During the pandemic trading has helped ensure supply and demand remained in balance providing operational benefits
 - Avoiding spill at hydroelectric plants
 - Avoiding maneuvering or shut down of nuclear plants
 - Avoiding curtailments of renewable resources

Feedback Comments continued 3:

- There are significant economic benefits to Ontario from trading:
 - Without the TR Market, IESO estimates that reduced export volumes would have resulted in losses to Ontario consumers estimated at \$50-135 million per year
 - The total economic benefits of exports in 2019 has been estimated previously by the IESO at approximately \$363 million

Feedback Comments continued 4:

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Feedback Comments continued 5:

- Adequate resources should be devoted internally to the current TRMR to ensure that trading and Ontario's intertie asset continue to provide operational and economic benefits for consumers and market participants.

Feedback Comments continued 6:

- The IESO notes that “MRP has proposed changes to the energy market which 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.” Therefore, this work should be integrated into the final MRP detailed design to ensure consistency and the proper functioning of both markets going forward.

Feedback Comments continued 7:

- Hydro One Network's Export Transmission Service rate (ETS) is an important component of trading activity. We recommend that as the IESO considers the TR Market Review, that it also consider coordinating with stakeholders and the transmitter on studies arising from a recent OEB Decision on H1's Application for Transmission Revenue Requirement for 2020-2022 (EB-2019-0082) regarding cost allocation methodology that includes the allocation of shared network costs to exporters, and an updated ETS jurisdictional review that provides the rates in other jurisdictions and rationale behind those rates and market implications.