

Feedback Form

Transmission Rights Market Review webinar – December 14, 2020

Feedback Provided by:

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Following the December 14, 2020 Transmission Rights Market Review engagement webinar, the Independent Electricity System Operator (IESO) sought feedback from stakeholders on items discussed during the webinar. These are APPrO's comments on the matter.

Feedback Requested

Topic	Feedback
<p>Please provide further comments on the high-value opportunities identified during Stage 2</p>	<p>APPo supports the IESO’s high-value opportunities, including the multiple TR bid laminations, reconfiguration auctions and publishing additional information.</p> <p>We believe it should be a high priority to implement on-peak/off-peak TR product in Ontario. All of the surrounding markets either already have this option or are about to implement it. This option will improve the efficiency and competition of intertie trading.</p> <p>With the anticipated expected changes to Ontario market fundamentals over the next few years there may not be the same on-peak/off-peak price spreads that currently exist, particularly after the retirement of Pickering. However, it is the price spread between Ontario and surrounding markets that drives intertie trading.</p> <p>APPo also supports a review of the Information Confidentiality Catalogue if that is the obstacle to publishing TR bid information. Providing this information would improve the competitiveness of the TR Market and should not raise confidentiality concerns if the information is published with a sufficient time lag.</p>

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<p>What are the benefits and risks of hedging day-ahead market net interchange scheduling limit (NISL) congestion costs with transmission rights? Please provide detailed examples, evidence and rationale.</p>	<p>The benefit of hedging day-ahead NISL congestion costs is that it allows participants holding TRs to offer into the day-ahead market without trying to estimate the NISL congestion risk.</p> <p>In the renewed markets, the NISL should be expected to be less binding in the day-ahead market because the NISL constraint will be properly priced and optimized over the whole day-ahead. The NISL should only be binding in the day-ahead period where there are more severe penalties applying (e.g., transmission limit violations or insufficient resources to serve loads). These are situations where imports would be desirable and therefore providing a hedge against this congestion would support efficient use of the interties.</p> <p>The IESO should provide further analysis on NISL congestion to identify the main causes of NISL congestion. While the IESO applies NISL congestion to all intertie, analysis is needed to identify whether the main cause of NISL congestion is widespread among all the interties or is it more related to a particular intertie.</p>
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<p>Please provide comments on the default changes or any other changes required to the TR market as a result of the relevant MRP changes</p>	<p>The proposed default changes to the TR Market to accommodate the MRP changes are reasonable.</p> <p>We ask that the IESO share any analysis undertaken to estimate the expected congestion costs that could be created by differences between the RT and DAM schedule. We would expect such amounts to be small but do not have any data or analysis to support that conclusion.</p> <p>In the IESO presentation, it is clearly shown that internal congestion and losses are an additional risk that intertie trading has to face and pay for, but has no tool to hedge that risk with. The IESO has decided not to provide internal TRs to hedge internal congestion under MRP. This increases the uncertainty of intertie trading which is not consistent with the IESO's mandate of certainty, efficiency, competition, implementability, and transparency.</p> <p>In our view, exports should be included in the disbursement of internal congestion rent and loss residuals.</p>

General Comments/Feedback

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