

IESO Response to Feedback on Draft Market Rules and Market Manuals – Market Entry and Prudential Security



Below are the IESO’s responses to stakeholder feedback on the Market Entry and Prudential Security batch of market rules and market manuals.

ID	Stakeholder	Section or Manual	Feedback	IESO Response
1	Electricity Distributors Association	General	<p>Based on IESO’s comments during the MRP engagement, our expectation has been that amendments to the Market Rules and Market Manuals would be drafted and posted for comment once the Detailed Designs were completed with stakeholder feedback incorporated. While the IESO has provided a response to comments on Prudential Security, the IESO has not engaged in a discussion with LDCs, nor has the IESO updated the Detailed Design to reflect stakeholder comments. Further, the IESO will receive stakeholder comments on the complete first draft Detailed Design package up until December 2, 2020. While we acknowledge that “Batch 1” amendments are substantially administrative in nature, matters such as prudential security could have material impacts on LDCs.</p> <p>We therefore request that the IESO update its stakeholder engagement plan to reflect updated processes, and outline how IESO’s Implementation Phase may be dependent on information from outside processes (e.g., regulatory processes as discussed below.)</p>	<p>Market Renewal is a large project with a number of phases. While work continues to finalize some areas of the detailed design, the IESO is concurrently moving ahead with market rules and manuals for pieces of the design that have been available for almost a year.</p> <p>The IESO acknowledges that there are many important interconnections between the batches and as a result, we will not be seeking a formal recommendation from Technical Panel on any of the batches until all of the batches have been presented, and stakeholders have had an opportunity to engage the entire suite of proposed Market Renewal Amendments reflected in all of the batches. Further details on the IESO’s recommended approach are available at Market Rules Amendment Process for MRP.</p> <p>Stakeholders have told the IESO to focus and dedicate time to the areas of highest importance, including the market rules and manuals. External stakeholder reviews of market rules and manuals will continue throughout 2021, as will the Technical Panel review process. In an effort to provide our stakeholder community with the most time and engagement with the rules and manuals, and to keep pressing ahead for broader project timelines, the IESO has started work early. The IESO remains committed to sharing updated stakeholder engagement plans during this implementation phase.</p>
2	Electricity Distributors Association	Chapter 2 - Prudential Support	<p>An LDC’s actual exposure in the market will be, in part, determined by electricity prices that will be paid by its customers. To date, we do not have guidance from the OEB with respect to what new price produced by the IESO will replace HOEP for LDC customers (i.e., consumers that are not IESO Market Participants). Without this input, it is difficult for the EDA to comment at this time with respect to the appropriateness of the IESO’s proposed amendments to recalculate prudential support following the implementation of MRP.</p>	<p>Thank you for your comment. There are many known interdependencies within the Market Renewal project, which include working with many stakeholders, including the Ontario Energy Board, about requisite changes. We will continue working with this broader stakeholder community to provide transparency and integrate stakeholder feedback into the Market Renewal process.</p>

ID	Stakeholder	Section or Manual	Feedback	IESO Response
3	Electricity Distributors Association	Chapter 2 - Prudential Support	<p>Based on the IESO’s draft Market Settlement Detailed Design, NDLs will be charged for consumption based on the sum of the DAM Ontario Zonal Price and the Load Forecast Deviation Charge (LFDC). The amendments proposed by the IESO would calculate prudential support for NDLs based on the higher of a) the average DAM Ontario Zonal Price, and b) the average RT Ontario Zonal Price. The EDA seeks additional analysis from the IESO as to whether the prudential support required reflects the LDCs’ actual exposure in the market. In particular, we question the appropriateness of basing prudential support on the RT Ontario Zonal Price if NDLs are not settled at the RT Ontario Zonal Price. The LFDC may increase or decrease (and can be negative) based on the difference between the NDL quantity scheduled in the DAM and the actual quantity withdrawn in real-time, and variations between the DAM Ontario Zonal Price and the RT Ontario Zonal Price. The accuracy of IESO forecasts determine these variables. In addition, we note that the prudential support calculations do not consider the new Congestion Rent and Loss Residual amount that will be owed to consumers on a monthly basis.</p> <p>Overall, we believe it is appropriate for LDCs and the IESO to review scenarios in order to be convinced of the appropriate amount of prudential support, and to consider input from the OEB with respect to prices that would be charged to LDC customers.</p>	<p>The IESO has proposed that the price basis term will be informed by the day-ahead and real-time Ontario Zonal prices for the purposes of setting the prudential support obligations for physical transactions for non-dispatchable loads. Although consumption from non-dispatchable loads are not directly settled at the real-time Ontario Zonal price, real-time pricing outcomes are an important input into the calculation of the load forecast deviation charge. The load forecast deviation charge represents a settlement charge that can contribute to the exposure a non-dispatchable load has in the IESO market. Additionally, the IESO does not view congestion rents and loss residuals as making a significant impact on the bottom line of the prudential support to be posted by market participants. Finally, the IESO will look for opportunities to provide market participants with a greater understanding of how the changes to the prudential support calculations described in the market rules and manuals may impact market participants' prudential support obligations.</p>
4	Electricity Distributors Association	Chapter 2 - Prudential Support	<p>We recommend that the IESO engage with LDCs to evaluate and determine the appropriate amount of prudential support in a working group setting. The EDA and the IESO have identified a number of topics to be addressed during the implementation phase, including other matters related to LDC readiness. We believe a working group approach is required to address outstanding concerns with the Detailed Designs and to prepare for the review of draft Market Rule and Market Manual Amendments.</p>	<p>Thank you for your feedback. The IESO will continue to work closely with the Local Distribution Company (LDC) community throughout the Market Renewal engagement, so that those issues and concerns can be addressed transparently.</p>
5	Electricity Distributors Association	Chapter 2 - Prudential Support	<p>The EDA also requests that the IESO revisit its decision with respect to the acceptability of surety bonds as prudential support, which may support reduced costs for LDCs. The EDA asserts that surety bonds would save LDCs, and ultimately customers, a significant amount of money while continuing to mitigate risk. It should be noted that there has been no default by any LDC in recent memory.</p>	<p>In the 2016 Prudential Framework Report, the IESO investigated and concluded that surety bonds are not an acceptable form of collateral that would meet the IESO’s requirements. As part of the scope of Market Renewal, the IESO does not intend to revisit the appropriateness of different forms of collateral. For reference and rationale, refer to the 2016 Prudential Framework Report.</p>
6	OPG	1.5 - Market Registration Procedures	<p>Section 3.0: The following three phrases are all used in IESO material: •‘Register Equipment’ (first sentence of Section 3.0, MM1.5), •‘Register equipment’ (Stage 5 process diagram on IESO website), and •‘Register Facility’ (per Register Facility Help File title)</p> <p>If all these phrases are intended to mean the same thing, please choose one phrase and be consistent throughout all documentation.</p>	<p>Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020 and to provide clarity in the future, the IESO will rename the Register Help File to the Register Equipment Help File as part of Market Renewal Implementation.</p>

ID	Stakeholder	Section or Manual	Feedback	IESO Response
17	OPG	1.5 - Market Registration Procedures	<p>Section 3.3.3.2 Period of Steady Operation: (Market Rules: Chapter 7, section 2.2.6H.2) OPG recommends that hydroelectric resources be allowed to register for the period of steady operation parameter in addition to non-quick start generation resources.</p>	<p>Registration of the period of steady operation parameter will not be made available to dispatchable hydroelectric resources. The IESO acknowledges that a hydroelectric resource may require a number of dispatch intervals to elapse to avoid a safety, environmental or legislative violation in response to a dispatch instruction. However, as dictated by the market rules, hydroelectric resources have the ability to reject a dispatch instruction if that instruction will lead to such a violation.</p>
18	OPG	1.5 - Market Registration Procedures	<p>Section 3.3, page 35: The following sentence is ambiguous: "Registered market participants submitting such dispatch data may do so only for a dispatchable non-quick start generation resource associated with a generation unit that has a primary or alternate fuel type value other than Uranium and a pseudo-unit." Is the 'non-quick start generation resource' associated with: 1) 'a generation unit that has a primary or alternate fuel type value other than Uranium', and 2) 'a pseudo-unit' OR Is the 'non-quick start generation resource' associated with 'a generation unit' that has: 1) 'a primary or alternate fuel type value other than Uranium', and 2) 'a pseudo-unit'?</p> <p>A bulleted list would be a better way to show the intended relationship, but some way of disambiguating the intent is needed.</p>	<p>Revisions have been made in Market Manual 1.5 dated December 4, 2020. Start-up offers and speed-no-load offers may only be submitted for: 1) A dispatchable non-quick start generation resource associated with a generation unit whose primary or alternate fuel type is not registered as Uranium: 2) A pseudo-unit.</p>

ID	Stakeholder	Section or Manual	Feedback	IESO Response
21	OPG	1.5 - Market Registration Procedures	<p>Section 3.3.5.1: Please clarify what is meant by a “dispatchable hydroelectric generation resource”. Does this include a station with multiple resources or just a single resource? The time lag parameter needs to be available for use at both the station level and resource level.</p> <p>Time lags between cascading hydro stations can change daily/hourly as a result of changing flow conditions on the grid. This parameter should be included as “Daily Dispatch Data” rather than as “Resource Data” so that time lag durations can be updated to reflect changing river flow conditions.</p> <p>Furthermore, market participants should have the ability to modify the Time Lag and the MWh ratio parameters intra-day as changing as these interrelationships can change during day as flow/head conditions and unit operating/efficiency points change.</p> <p>OPG provided detailed comments on these items in its review submission for the Offers, Bids and Data Inputs design section (e.g. Comments #17, 18, 20) and as of November 9, 2020 the IESO has not provided any responses. This section of the Market Manual 1.5 may require revision based on resolution of these review comments.</p>	<p>A dispatchable hydroelectric generation resource may be modeled to represent a single generation unit or multiple generation units. For a facility comprised of two dispatchable hydro generation units, represented as a singular aggregated resource, the time lag parameter will be submitted solely for the resource (that it to say, not for each individual unit).</p> <p>The time lag parameter is submitted as dispatch data at the resource level but can be evaluated by the day-ahead market and pre-dispatch engines at the station (facility) level. Dispatch data evaluation at the station level is enabled when a market participant registers that two or more resources share a forebay.</p> <p>As described in the Offers, Bids and Data Inputs detailed design document, market participants will have the ability to submit time lag as dispatch data. By submitting time lag as a registration parameter, participants will have the option to submit revised time lag as a dispatch data, up to the maximum time lag determined during registration. Therefore, dynamic changes to time lag can be adjusted daily, or hourly if required.</p>
22	OPG	1.5 - Market Registration Procedures	<p>Section 3.3.5.2: This section shows only four forbidden regions but the IESO agreed in its responses to market participant feedback on the Offers, Bids and Data Inputs design section that up to five would be allowed.</p> <p>Forbidden regions upper and lower limits should be part of Daily Dispatch Data rather than Resource data. This is needed to allow for changes in the MWh values based on changes to operating conditions/head and the best efficiency point for operations.</p> <p>OPG provided detailed review comments on this item in its review submission for the Offers, Bids and Data Inputs design section (e.g. Comments #12 and 20) and as of November 9, 2020 the IESO has not provided any response. This section of the Market Manual 1.5 may require revision based on resolution of these review comments.</p>	<p>This section was updated to reflect that up to five forbidden regions may be registered by a market participant in Market Manual 1.5 dated December 4, 2020. As described in the Offers, Bids and Data Inputs detailed design document, registered market participants for dispatchable hydroelectric resources will be permitted to submit upper and lower limits of forbidden regions as dispatch data. Registration data for forbidden regions will be used to validate these dispatch data submissions.</p>

ID	Stakeholder	Section or Manual	Feedback	IESO Response
23	OPG	1.5 - Market Registration Procedures	<p>Section 3.3.5.4: The start indication value parameter should be assessed/assigned at the unit level. OPG provided a detailed review comment on this item in its review submission for the Offers, Bids and Data Inputs design section (e.g. Comments #16) and as of November 9, 2020 the IESO has not provided any response. This section of the Market Manual 1.5 may require revision based on resolution of these review comments.</p> <p>The first sentence of this section states: "The start indication value represents the minimum quantity of energy, in MW, that a generation unit for a resource must be scheduled to in the day-ahead market and pre-dispatch scheduling processes."</p> <p>This definition is not consistent with that provided in the Facility Registration Detailed Design (Section 3.6.1) which states: "The start indication value will be a new optional registration parameter that represents the minimum quantity of energy a resource must be scheduled to determine whether the generation units associated with resource have used up one or more of their maximum number of starts per day."</p> <p>OPG recommends that the first sentence of Section 3.3.5.4 of Market Manual 1.5 be revised to better reflect that actual purpose of the start indication value parameter.</p> <p>This section refers to a 'maximum number of starts per day', but this is not one of the data fields included in this new version of the Market Manual. This same phrase appeared in Figure 3-2 of the previous version but was also not described in the previous version.</p> <p>Should the figure that was 3-2 in the prior version be included in this version of this manual?</p>	<p>The start indication value may be submitted at the resource level only (not by unit) as contemplated by its definition in chapter 11 of the market rules, as dispatch is conducted only on resources.</p> <p>The maximum number of starts per day will be a dispatch data parameter only. This parameter is described in greater detail in the Offers, Bids and Data Inputs detailed design document and will be addressed in a future batch.</p>
7	OPG	1.5 - Market Registration Procedures	<p>Section 3.1 (among other places): Sometimes the term 'Owner' is capitalized (e.g., "... organizations having an Owner Role..." in section 3.1), and sometimes it is not (e.g., "...facility owner..." in section 3.1.1). If there is a difference in meaning when the term is capitalized vs. when it is not, this should be defined/elaborated somewhere (and usage should be consistent with definitions).</p>	<p>Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.</p>
8	OPG	1.5 - Market Registration Procedures	<p>Section 3.1.1 - Table 3-10 The term 'embedded generators' is used, but not italicized (though it is a defined term). The manual should be reviewed for usage of defined terms, and all instances should be properly formatted.</p>	<p>Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.</p>

ID	Stakeholder	Section or Manual	Feedback	IESO Response
9	OPG	1.5 - Market Registration Procedures	<p>The first entry in Table 3-10 says: “During the connection assessment process, Participants must confirm with the IESO the number of resources required at their facility. The IESO will determine the number of resources based on the number of transformers at the facility.”</p> <p>The statement that the IESO will make the determination seems somewhat contradictory with the description here and elsewhere that Participants may request a particular number of resources. Suggested language to improve the clarity of this is as follows: “During the connection assessment process, the IESO will make a preliminary determination of the number of resources based on the number of transformers at the facility, and market participants must confirm with the IESO the number of resources required at their facility.”</p>	Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.
10	OPG	1.5 - Market Registration Procedures	<p>The first entry in Table 3-10 says: “... As part of the Register Equipment procedure, the proponents or market participants are required to provide...”</p> <p>Suggestion: remove the word ‘the’ in front of ‘proponents’ to parallel the usage of ‘market participants’ that follows: “... As part of the Register Equipment procedure, proponents or market participants are required to provide...”</p>	Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.
11	OPG	1.5 - Market Registration Procedures	<p>Table 3-10, ‘Prepare Operational Philosophy Document’ entry: This section says: “Market participants must prepare a document attesting their facilities’ operating conditions...”. It appears that the word ‘to’ has been removed from the previous language inappropriately, as it seems this section should read: “Market participants must prepare a document attesting to their facilities’ operating conditions...”</p>	Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.
12	OPG	1.5 - Market Registration Procedures	<p>Section 3.2 (bottom of Page 26): “If any data is determined to be inaccurate, incomplete or missing, the IESO will reject it and the Equipment Registration Specialist would need to resubmit updated data.” Suggestion: change ‘would’ to ‘will’ to be consistent... ‘IESO will reject’/‘ERS will need to’</p>	Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.
13	OPG	1.5 - Market Registration Procedures	<p>Section 3.2.5: “Tests are scheduled as mutually agreed between the IESO and the market participant. In order to complete the Register Equipment procedures, all participant and facility tests must be verified and approved by the IESO.” This instance of ‘participant’ is not italicized, though it seems clear that this is intended to refer to ‘market participant’, which is a defined term. Suggestion: either italicize ‘participant’ as a stand-alone reference to the intended ‘market participant’ or add ‘market’ to make ‘market participant’ and italicize the entire term.</p>	Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.

ID	Stakeholder	Section or Manual	Feedback	IESO Response
14	OPG	1.5 - Market Registration Procedures	<p>Section 3.3 (page 30):</p> <ul style="list-style-type: none"> •Reference to Table 3-3 should be a reference to Table 3-12: "...market varies by the groupings set out in Table 3-3." •Reference to Table 3-4 should be a reference to Table 3-13: "... data parameters and resource data parameters using Online IESO, as shown in Table 3-4." <p>Other instances of incorrect table references were noted, so a review/update of all links/references is suggested.</p>	All table numbers were reviewed and are correct in Market Manual 1.5 dated December 4, 2020.
15	OPG	1.5 - Market Registration Procedures	<p>Section 3.3, Table 3-13 (pages 32-33): Suggestions</p> <ul style="list-style-type: none"> •Please organize the rows of the table to present the 'resource data parameter' fields in the same order as they appear in the sections below that describe them. It appears some (though not all) of the sections below Table 3-13 have references to sections of the Market Rules. It would create a parallel between the structure of this manual and the structure of the Market Rules if the terms in this manual appeared in the same order as they appear in the Market Rules. Please consider organizing in this way. •Rather than including only an 'X' in each entry in the table to indicate where a data parameter applies to generation resources of a particular classification, it would be helpful to readers to include references to the sections below where each particular parameter is described. 	Revisions have been in Market Manual 1.5 dated December 4, 2020. This includes a new column in the table with the applicable section numbers and where possible, sections on resource data parameters were re-organized to reflect the order found in the market rules.
16	OPG	1.5 - Market Registration Procedures	<p>Section 3.3.2, Page 35: "In all cases, the IESO also records a start date of the quick-start flag value to handle time dependent revisions that effect settlement processes." From context, it appears the word 'affect' would be a better choice, but it is an ambiguous case, and either word could be what is intended. Recommend reviewing to either confirm 'effect' is what is intended rather than 'affect', or switch to 'affect'.</p>	Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.
19	OPG	1.5 - Market Registration Procedures	<p>Section 3.3.4 (Page 37): "Modelling of an combined cycle..." Here, 'an' should be replace with 'a'.</p>	Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.
20	OPG	1.5 - Market Registration Procedures	<p>Section 3.3.4.1 (Page 38): "The number of pseudo-units to be registered is equal to the number of combustion turbine resource at the combined cycle facility (refer to Figure 3-2)." Here, 'resource' should be made plural, 'resources'.</p>	Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.

ID	Stakeholder	Section or Manual	Feedback	IESO Response
24	OPG	1.5 - Market Registration Procedures	<p>Section 4.2, pages 56-57</p> <p>This bulleted list can be improved (made more succinct and readable) by adopting a parallel structure for each bullet, and eliminating redundant words:</p> <p>“For example, facility maintenance is required in the following circumstances:</p> <ul style="list-style-type: none"> • market participation changes, such as: <ul style="list-style-type: none"> o resource type (generation resource, load resource, etc.); o bid/offer type resource data parameter changes for generation resources (dispatchable [regular]22, non-dispatchable, self-scheduling, intermittent); o bid/offer type resource data parameter changes for load resources (dispatchable [regular]23, day-ahead price responsive24, non-dispatchable); o changes to operating reserve class (10-minute or 30-minute); o facility type (generation facility, load facility, etc.); o combined cycle facility modelling changes (pseudo unit model, etc.); • physical site modifications (e.g., changes in MW output, ramp rates, governor models, data monitoring, and voice communication equipment, etc.); and • changes in operational control, as defined by the registered market participant.” <p>Suggested update:</p> <p>“For example, facility maintenance is required in the following circumstances:</p> <ul style="list-style-type: none"> • market participation changes, such as: <ul style="list-style-type: none"> o resource type (generation resource, load resource, etc.); o bid/offer type data parameter for generation resources (dispatchable [regular]22, non-dispatchable, self-scheduling, intermittent); o bid/offer type data parameter for load resources (dispatchable [regular]23, day-ahead price responsive24, non-dispatchable); o operating reserve class (10-minute or 30-minute); o facility type (generation facility, load facility, etc.); o combined cycle facility modelling (pseudo unit model, etc.); • physical site modifications (e.g., changes in MW output, ramp rates, governor models, data monitoring, and voice communication equipment, etc.); and • changes in operational control, as defined by the registered market participant.” 	<p>Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.</p>

ID	Stakeholder	Section or Manual	Feedback	IESO Response
25	OPG	1.5 - Market Registration Procedures	<p>Section 4.2, page 57: "As a guideline to Participant with existing facilities, the IESO will issue a RAN for changes such as, but not limited to:" Suggestions: • Make 'Participant' plural, and • Change 'such as' to 'including':</p> <p>"As a guideline to Participants with existing facilities, the IESO will issue a RAN for changes including, but not limited to:"</p>	Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.
26	OPG	1.5 - Market Registration Procedures	<p>Section 4.2, page 58: Last three bullets in this section should be formatted as normal paragraph text, rather than as part of the bulleted list.</p>	Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.
27	OPG	1.5 - Market Registration Procedures	<p>General recommendation: Whenever 'i.e.' or 'e.g.' are used, they should be followed by a comma. This has been done inconsistently in this document.</p>	Revisions have been made accordingly in Market Manual 1.5 dated December 4, 2020.