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Re: **MR-00455 – Market Power Mitigation Amendments to IESO Market Rules and Manuals**

H2O Power welcomes the opportunity to review the draft rule amendments detailed and offers the following comments.

Section 22.1 – Reference levels.

22.1.3 stipulates that “a Market Participant shall provide to IESO all information and supporting documentation that IESO may require to determine a resource’s reference level.” The experience to date suggest that IESO is, in many instances, seeking information on technical parameters that either (a) simply don’t exist due to equipment vintage and history or (b) while the parameter may have been available and valid for the original operating mode of the equipment, changes to operating mode (eg, from base load to peaking) would cause said parameter to change. There is no consideration given for a Market Participant’s experience based knowledge of his facilities and equipment.

Section 22.5 – Changes to reference levels & Section 22.6 – Reference Quantities

The underlying theme in this section suggest that IESO has broad powers to change or amend reference levels or quantities while a Market Participant’s opportunities to do so are limited. There is a fundamental issue of fairness in question.

Section 22.8 – Independent review,

Market Participant may request IESO to engage a consultant to independently review a reference level. There appears to be no provision for the Market Participant to be consulted on the selection of the consultant, which then raises the question of the degree of independence the consultant has. The option should also be present whereby the Market Participant can engage an independent consultant to conduct the same



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exercise. Further in this section, IESO can reject the Independent Consultant's findings on some very narrow grounds. A weighted view of the findings would provide a more equitable approach.

Section 22.10 Designation of Constrained Areas

The built in delays for triggering a Dynamic Constrained area should be amended as follows:

- (a) Include export constrained areas. This is of particular concern to areas where significant transmission limitations exist as a matter of routine operation or exposure. Removal of critical elements can quickly constrain or bottle significant generation.
- (b) Remove the 120 previous dispatch hours as the trigger to initiate a dynamic constrained area for planned outages of significant duration, eg, more than 8 hours as starting point. Change the trigger to start on the scheduled outage start time/date and continue through the duration of the outage.

Section 22.14 Ex-Ante Mitigation of Economic Withholding and Section 22.15 Ex-Post Mitigation of Physical Withholding.

The conditions and process listed for Conduct and Impact tests for both Energy and Operating Reserve require some additional thought, as the application of the draft Rules, as we understand them, would have some unintended consequences that IESO may not necessarily recognize.

Specific to hydroelectric resources, there will be occasions whereby, due to hydrological conditions, the Market Participant's offers for Energy and/or Operating Reserve will be constrained by conditions within the facility's Water Management Plan (WMP). The WMP for most hydroelectric facilities in Ontario is an instrument authorized by and enforceable under the Lakes and Rivers Improvement Act (LRIA). Some further facilities are governed under other agreements bound by either interprovincial or international treaties.

Offers for hydroelectric resources must factor in the WMP requirements for both short and longer term impacts such as to take all reasonable measures within a facility operator's control pre-emptively to remain within the bounds established in the WMP. A Market Participant cannot risk offering either energy or Operating Reserve in a manner such the impact of those offers and likely resulting dispatch puts the facility at risk of violating the facility's Water Management Plan, which is authorized and enforced under the Lakes and Rivers Improvement Act. Those conditions may be based on either a short term or/and long term view of the hydrological conditions, an assessment of which the Market Participant should be the sole judge to evaluate, based on his operating knowledge of his facilities.



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While offers can be updated in real time and SEAL provisions can be applied to mitigate and hopefully avoid the Environmental and Applicable Law outcomes, the Market Participant still remains financially bound on the Day Ahead commitments that he has been effectively forced to make by application of the ex-ante changes, absent any change to current formulation and apparent intent expressed in Sections 22.14 and 22.15.

A handwritten signature in blue ink, appearing to read 'mmantha', is written over a light blue horizontal line.

Marc Mantha, P.Eng
Vice President, Operations
H2O Power Holding LP