



JUNE 21, 2022

Market Renewal Program Implementation Updates

Webinar Participation

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 - **Raise your hand** (click the "Raise hand" button in the top right corner) to let the host know you'd like to verbally ask a question or make a comment. The host will let you know when to unmute
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Agenda

- Transmission Rights Market Transitional Design
- Navigating Design Solutions: Thermal State Transition
- Forecast Engagement Schedule



Transmission Rights Market Transitional Design

Objective and Agenda

Objective: To engage stakeholders on a proposed solution to reconcile Transmission Rights (TR) ownership periods that bridge current and future TR market settlement

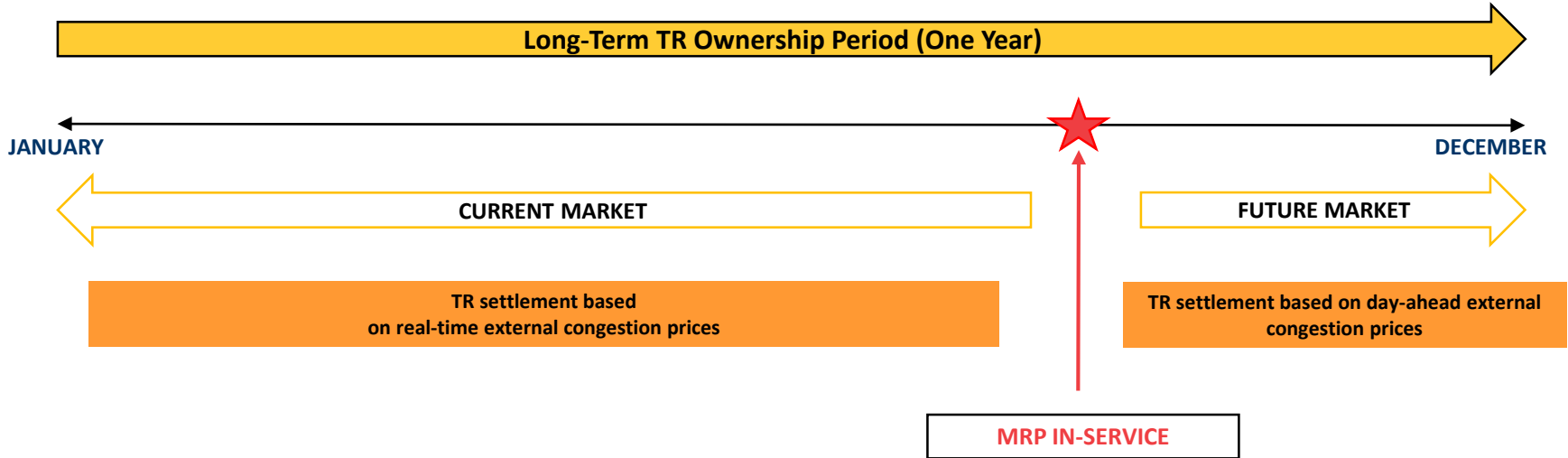
Agenda:

- Overview of current and future TR ownership periods and TR settlement
- Issues with TR ownership periods that overlap current and future TR settlement
- Resolution and rationale
- Next steps

Background: TR Ownership Period and Settlement

TR Topic	Current Market	Future Market
TR Ownership Period	Long Term TRs (valid for all days and hours for one year)	No Change
	Short Term TRs (valid for all days and hours for one month)	No Change
TR Settlement	TRs settled at real-time external congestion prices	TRs settled at <u>day-ahead</u> external congestion prices

Example: TR Auctions with Overlapping TR Market Settlements

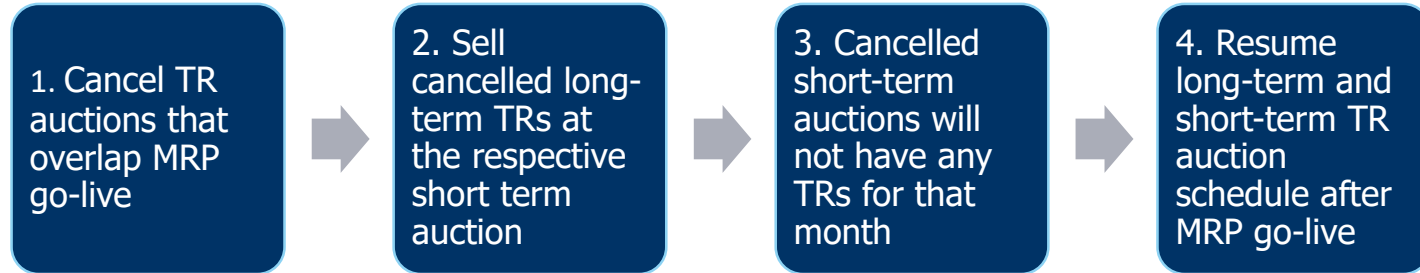


Issues with Overlapping TR Ownership Periods

- TRs sold in the current market based on real-time external congestion cannot be settled against a price that is reflective of day-ahead external congestion in the future market (i.e., selling one product while settling on another)
- Cannot have two sets of market rules (future and current) in place for a single TR ownership
- If the MRP go-live date changes after a TR auction is executed it is not possible to retroactively adjust the ownership period

Resolution and Rationale: Transitional TR Auction Design

Resolution:

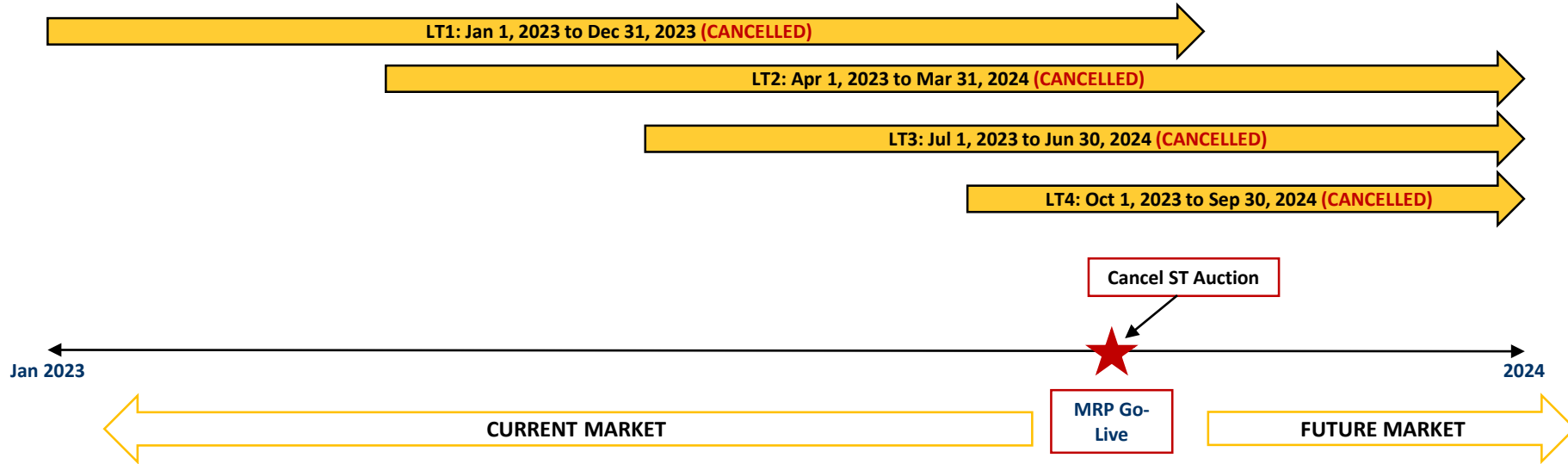


Rationale:

- Easy to implement - no tool changes required, appropriate given temporary nature of transition
- Consistent with direction taken in other jurisdictions (e.g. CAISO and ERCOT)
- Circumvents uncertainty surrounding future TR settlement methodology and ownership period

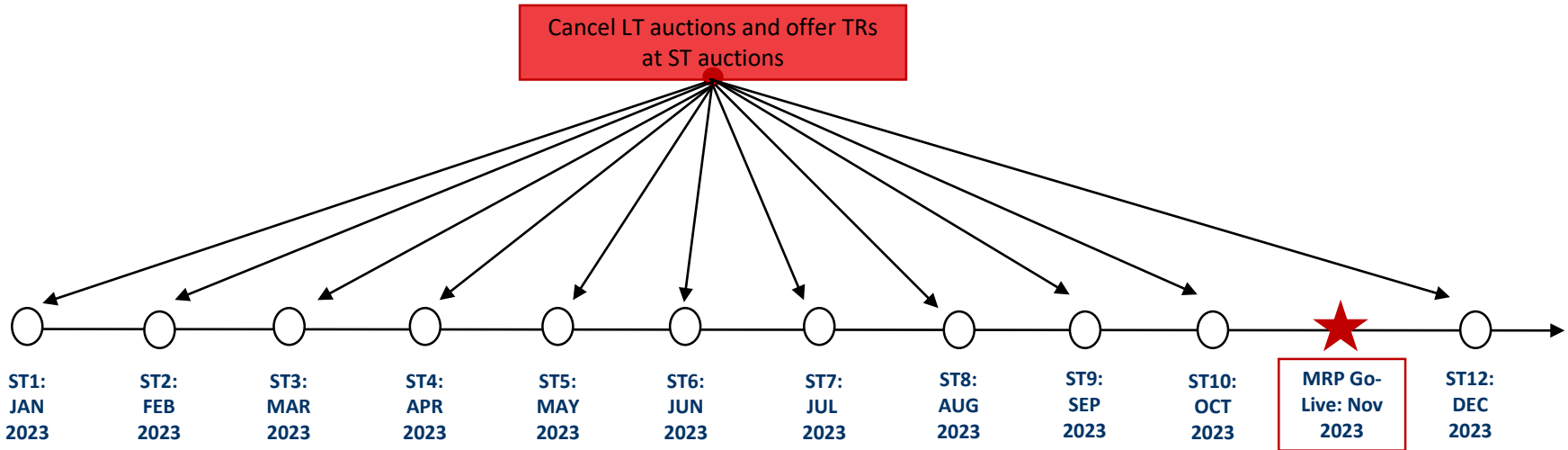
1. Cancel TR Auctions that Overlap MRP Go-Live

- Long-term and short-term TR auctions with an ownership period that overlap with the expected MRP go-live date will be cancelled
- Let's use our current go-live date of November 2023 as an example to illustrate the 4 steps:



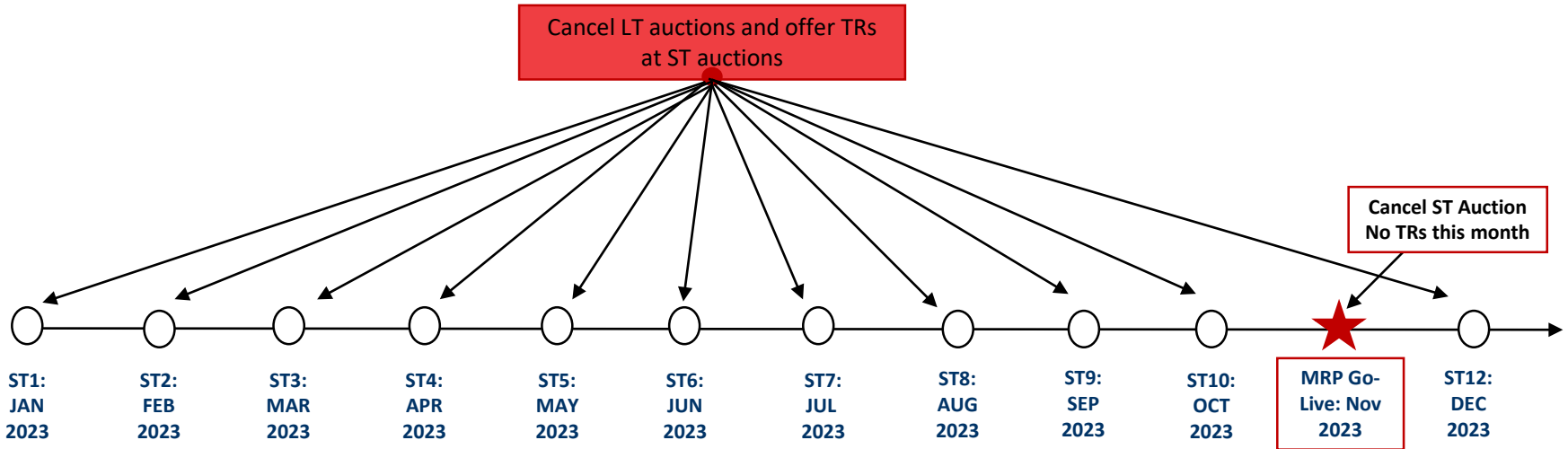
2. Sell cancelled long-term TRs via short-term auction

- Any TRs associated with a cancelled long term TR auction will be auctioned at the respective monthly short term TR auction



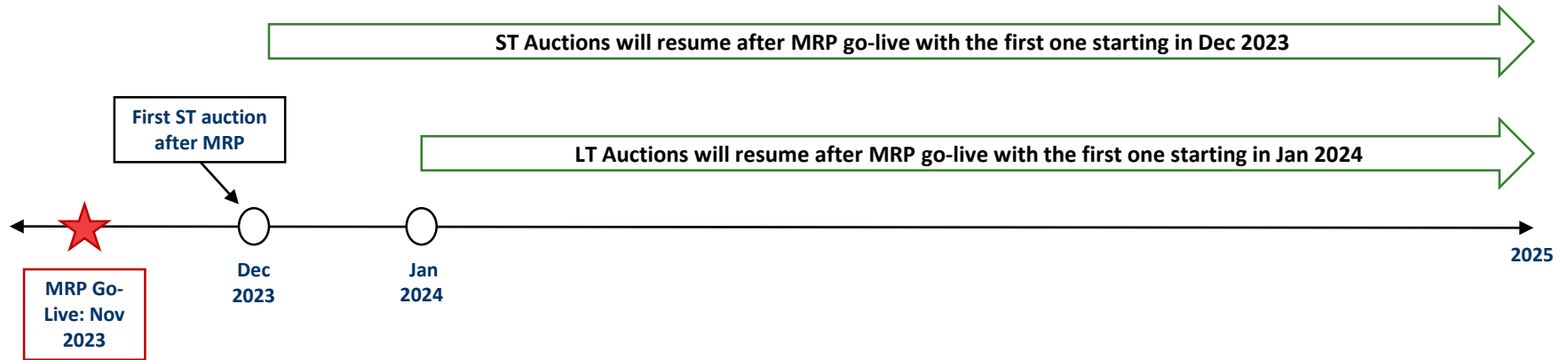
3. Cancelled short-term TRs means no TRs for that month

- Any TRs associated with a cancelled short term TR auction will not have any TRs for that month. This is only expected to occur during the month that MRP goes live



4. Resume long-term and short-term auctions after go-live

- When the future market is in place, the IESO will resume administering TR auctions as per regular market schedule



Implementation

- Subject to stakeholder feedback, the IESO will apply for a market rule exemption as per Market Manual 2.2 which will enable the IESO to forgo administering TR auctions with an ownership period that overlaps with the expected MRP go-live date
- Market Rules Ch. 8 S.4.10.1 & S.4.11.1 will be subject to the exemption application:
 - MR Ch8. Section 4.10.1: The IESO shall conduct a short-term auction between the 1st and 15th day of each month in which transmission rights valid for the following month shall be available
 - MR Ch8. Section 4.11.1: The first long-term transmission rights shall commence one month following the availability of the first short-term transmission rights. Following the initial long-term auction, the IESO shall thereafter conduct a long-term auction at least thirty days but not more than ninety days prior to the beginning of each subsequent quarter

Session Summary and Next Steps

July 2022: Opportunity for stakeholders to submit feedback on the transitional design for cancelling TR auctions with an overlap period with MRP go-live

- Submit questions and feedback by July 15 to engagement@ieso.ca

August 2022: IESO to post feedback responses

- IESO to communicate to stakeholders on the next steps via the IESO Bulletin



Navigating Design Solutions: Thermal State Transition

Approach

- Update stakeholders quarterly if any design integration issues exist, show how they were resolved, and the rationale behind decisions
- Stakeholders are open to provide advice on the solutions, ask questions, or recommend alternatives to resolve these challenges

Certainty – Thermal State Transition

Issue:

Market Participants submit Minimum Generation Block Down-Time (MGBDT) Hot/Warm/Cold parameters that identify the hourly transitional breakpoints for the Hot/Warm/Cold thermal states. Stakeholders have indicated that the transition times between the Hot-to-Warm and Warm-to-Cold thermal states can be longer than the current 24-hour maximum limit applied to MGBDT Hot/Warm/Cold submissions.

Proposal:

Existing Design	New Design
Maximum number that can be submitted is 24 hours for MGBDT Hot/Warm/Cold.	Maximum number that can be submitted is 24 hours for MGBDT Hot, and 99 hours for Warm/Cold.

Rationale:

Participants will be able to make MGBDT submissions that align with the thermal state transition of their resource. This alignment will improve the PD engine's ability to identify the thermal state of a resource and which set of thermal state dispatch data to apply (Start-Up Cost, Lead Time & Ramp Energy Up to Minimum Loading Point).

Next Steps

- July 15, 2022: Deadline for stakeholder feedback on the design implementation solution for thermal state transition



Forecast Engagement Schedule

Engagement Forecast

- July Engagement: MPM Market Manual Updates
- September Engagement: Interim Alignment Market Rules
 - To include incorporation of storage in previous batches; updates to delineate resource versus facility level obligations; among other items
 - Posting in early Sept., with stakeholder feedback expected by early November

Thank You

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