

IESO Reliability Standards Review Stakeholder Engagement

Comments on the Presentation: Reliability Standards Review Update (December 14, 2020)

Market Surveillance Panel

January 21, 2020

On December 14, 2020, the IESO proposed a methodology to begin reintroducing non-firm imports into their resource adequacy planning assumptions. The IESO proposed using six data-driven tests, and limiting the non-firm import assumption based on the lowest of the six. In the analysis presented for 2021, this will represent 251 MW of imports, based on what the IESO calls the amount “likely to flow under tight supply conditions/prices” (90th percentile dependable flow in top 5% HOEP hours, 2016-2019).

The Market Surveillance Panel (Panel) considers the IESO’s initiative to re-introduce non-firm imports a positive step and supports a data-driven approach to determining the appropriate amount of non-firm imports to include in reliability studies. However, basing the non-firm import calculation on the Hourly Ontario Energy Price (HOEP) is problematic. First, imports are scheduled in pre-dispatch and cannot be expected to respond to a real-time price. Moreover, high prices in real-time are not necessarily caused by a shortage of available capacity nor are they necessarily indicative of a reliability issue. Many of the anomalous price spikes that the Panel has observed have occurred as a result of short-term, intra-hour phenomena: forced outages or forecast errors with limited flexible resources online. In those cases where higher-priced resources were scheduled, the issue was usually the lack of resources committed—there were plenty of resources available but not running.

The Panel suggests that the IESO use a metric grounded in supply and demand to estimate the amount of non-firm imports available during periods of capacity scarcity rather than using real-time prices as a gauge. This would better reflect the actual conditions that should be considered when planning for non-firm imports.

It should be of some comfort when considering a more aggressive estimate to recall that the NPCC estimates of available non-firm imports in this context are 10 times greater than the figure proposed by the IESO.