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# Adjustments to Intertie Flow Limits

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# Intertie Flow Limits - Background

- Limits on intertie flows between the integrated power system and neighbouring transmission systems restrict the volume of energy that can be imported to or exported from Ontario
- In setting these limits, the IESO provides a best estimate of the maximum flow on the single transmission line to each intertie zone. These limits are applied in both the constrained and the unconstrained schedules

# What is the Issue?

- The current system conditions in Northwest (NW) Ontario are challenging due to low water for hydro-electric generation and needed transmission outages that limits energy coming from the rest of Ontario to serve NW demand
- In order to manage reliability, the IESO applied transmission limits that limited the net export of power from the region
- If intertie flow limits do not also reflect the supply available in the region, the unconstrained schedule accepts exports that cannot be met by Ontario resources. Ontario ratepayers then subsidize the export, by constraining-on imported power that would not otherwise be needed to maintain reliability.

# Proposed Market Rule Amendment

- The IESO is proposing a market rule amendment that specifies when internal transmission constraints will be considered in setting intertie flow limits
- The amendment also seeks to explicitly recognize that these intertie flow limits are applied in both the constrained and the unconstrained schedule, as they are today.
- The amendment also correctly identifies that security limits apply both to or from intertie zones, consistent with the mathematical constraints currently used in the DSO.

# Stakeholder Engagement

- IESO held a stakeholder engagement meeting identifying the issue and the proposed market rule amendment language on Nov 22, 2021.
- Stakeholders were invited to provide feedback. Three submissions were received. Communication from MACD was also posted.
- IESO responses to stakeholder feedback was posted on Jan. 12, 2022
- Materials can be found here: <https://www.ieso.ca/en/Sector-Participants/Engagement-Initiatives/Engagements/Adjustments-to-Intertie-Flow-Limits>

# Summary of Feedback

- Clarifying questions or supplemental information
  - Were these actions used prior to August 23rd? If not, why?
  - Explain the mathematical equation in Appendix 7.5
  - Future communications should be more broadly communicated
  - Magnitude and frequency of occurrence and payments
- One comment on market rule amendment language
  - Because of potential impact to Transmission Rights on other interties, IESO should limit such rule changes to the NW interties only

# IESO Response to Rule Amendment feedback

- Transmission Rights (TR) auctions allows participants to adjust their TR bids by considering potential impact of planned and unplanned reductions in the amount of exports or imports that can be reliably facilitated on an interface. Bids can be adjusted accordingly depending on participants' expectations.
- Based on the unique system conditions being experienced and electrical configuration of the Northwest, the IESO is of the view that similar adjustments to other interties would be highly unlikely.
- IESO proposed revised language in s.4.4.4.2 at Nov engagement that more narrowly defines necessary system conditions than Oct. TP language.

# Applicability to All Interties

- Applying a consistent treatment across all interties maintains a predictable, principled approach in the market rules. It does not pre-suppose applicability to a specific location, though in practice it is likely to be isolated due to the specified conditions.
- This is analogous to the designation of Constrained-Off Watch Zones (COWZ) for the re-calculation of the CMSC when payments are more likely to be considered persistent and significant. While this could apply to any part of the province, the Northwest zone has been the only area that has met the necessary criteria.