

Memorandum

To: Technical Panel
From: Adam Cumming
Date: June 7, 2022
Re: MR-00467 – Improving Accessibility of Operating Reserve

The IESO is proposing to amend the market rules to add a settlement charge in order to more efficiently claw back operating reserve (OR) payments from market participants where the market participant failed to maintain adequate unused generation (or load reduction) capacity during all intervals in which they were scheduled for OR.

The intent of the proposed amendment is to help ensure that the IESO receives scheduled OR when it is activated as well as helping ensure that market participants are only compensated for services they are capable of providing.

In 2020, Stakeholders suggested that the IESO should consider implementing changes to the tool that sends OR activation dispatch instructions (“the dispatch tool”) to activate only OR that was not only scheduled, but was also accessible (i.e. available to provide reserve energy). The IESO subsequently assessed this suggestion and found that changes to the dispatch tool were conceptually feasible. However, upon further assessment, the changes to the dispatch tool that would be required to meet the stated objectives are not implementable. This reduction in scope means there will be no change to the current practice of how the IESO determines OR activation dispatch targets for applicable market participants. The previously proposed addition of section 7.4.3A in Chapter 7 has been removed as a result.

Stakeholder Feedback

The IESO established a stakeholder forum to review and improve accessibility of operating reserve. The IESO has responded to all stakeholder feedback submitted to the engagement including feedback submitted for the March 25, 2022 meeting when the IESO presented the revised changes due to the reduction in scope. Information on the improving accessibility of operating reserve stakeholder engagement including presentations and stakeholder feedback is available on the engagement [webpage](#).

At the July 27, 2021 Technical Panel meeting, the Technical Panel voted to post the proposed market rule amendment MR-00467 for stakeholder review and comment for a period of two weeks. The IESO received written submissions from Ontario Power Generation (OPG) and Capital Power.

The IESO made the following changes to the proposed amendment and prepared the following additional clarifying information based on the feedback received in July 2021 and March 2022: In section 3.4.3.2, the proposed formula has been expanded with separate formulas for each class of OR so that Market Participants have increased clarity on how the claw back will be settled for each class of OR.

As noted by OPG, TAOR_CA is only applicable for aggregated generation facilities. The wording “reduce load” has been removed from chapter 9, section 3.4.2.1.

The clerical errors identified by OPG in the proposed chapter 9, section 3.4.2.1 have been corrected.

The Maximum capability value used by the settlement systems is normalized to an interval level value (MAX_CAP divided by 12); thereby representing the Maximum capability value to the same or higher level of precision (decimal places) as AQEI and the resulting claw back computation will be rounded off to the nearest cent which is the current practice for all charges/payments.

Panel Action and Next Steps

The IESO recommends that the Technical Panel vote to recommend the proposed market rule amendment MR-00467 to the IESO Board of Directors.

Accompanying Materials

- Market Rule Amendment Proposal Form - MR-00467
- IESO Response to Stakeholder Feedback from the March 2022 SE meeting