

Memorandum

To: Technical Panel

From: Darren Byers

Date: September 3, 2024

Re: Market Renewal - Final Alignment Batch: MR-00481-R00-R013

The IESO proposes to amend the market rules to codify the Market Renewal Program (MRP).

Market rules and manuals for the Final Alignment were posted for stakeholder review on June 7, 2024 in advance of the Technical Panel formal vote to post for review and comment on July 16, 2024. Nine sets of comments were received from the Association of Power Producers of Ontario (APPRO), Atura Power, Evolgen, Lukas Deeg (generator representative), Michael Pohlod (demand response representative), Ontario Power Generation (OPG), Power Advisory, Workbench Energy, and Vlad Urukov (generator representative).

A summary of the feedback with the IESO responses is attached.

Market Power Mitigation Learning Sessions and Additional TP Meetings:

The IESO held five additional sessions on market power mitigation (MPM) with the Panel to support their review of the Final Alignment batch of MRP market rules. The July 16, 23 and August 12 sessions focused on summarizing information regarding the various mitigation processes found in the MRP batches. The focus of the August 12 session was to better understand suppliers' concerns related to MPM having the potential for unintended impacts on supply resources. That discussion also included an overview of existing recourse mechanisms and commentary on the sufficiency of these mechanisms. At the August 15 and 27 sessions, the IESO and Panel members continued discussion on actions that could be taken to help identify potential unintended outcomes of the implementation of the MPM framework, and to mitigate the risk of a material, unintended impact on suppliers, focusing on the IESO's commitment to establish an MPM working group to address these concerns and advise the IESO and Technical Panel.

The IESO has made changes to the proposed FA batch market rule amendments (and manuals) in response to the written feedback received, and to address the concerns discussed in the additional Panel sessions on MPM.

Most of the changes to the amendment proposals are minor in nature and are made further to stakeholder comments to improve clarity and consistency of the market rules, correct typographical errors, and to incorporate other editorial changes. More substantive changes include the following:

Market Rules:

- **MPM** (Ch.0.7, sections A,B) – amendments to specify the IESO’s obligation to establish an MPM working group, as well as updates with respect to the timing for the initial designation of narrow and dynamic constrained areas following market transition;
- **Availability declaration envelope** (ADE) (Ch.0.7, section 13.2A) – additional amendments to extend the provisional approach for establishing the ADE until the first successfully run of the day-ahead market;
- **Make Whole Payment Eligibility** (Ch.0.9, App.7.8) – allowance for certain non-quick start resources that are not GOG-eligible to be eligible for make-whole payments up to their minimum loading point;
- **DAM make-whole payment (MWP) ineligibilities** (Ch.0.9 section 3.4.4) – clarification that a generation resource or dispatchable electricity storage resource for a called capacity export shall not be eligible to receive a DAM MWP.

Market Manuals:

- **Pseudo-unit (PSU) connection point (MM1.5 section 3.3.5.1)** – amendment to clarify that the IESO is able to consider on a case-by-case basis PSU registration requests where not all resources designated as part of that PSU are connected to the IESO-controlled grid at the same connection point;
- **Prudential Support** (MM5.4) - clarification that shadow prices will be capped at +/- maximum market clearing price for the purposes of calculating the relevant price basis.

Changes were made to four other market manuals (MMs 4.2, 5.4, 14.1, 14.2) along with the Charge Types and Equations document. These market manual changes can be found on the [Final Alignment website](#).

The IESO requested additional feedback from the Technical Panel regarding the amendment to MR Ch.O.7, section A, noted above. The IESO will publish the feedback received from Technical Panel members along with responses, by September 6th.

For a listing and explanation of the other edits made to the market rules and market manuals, please refer to the attached “Summary of Changes: Final Alignment” - “September 2024” changes.

Panel Action and Next Steps

The IESO recommends that the Panel vote to recommend the proposed market rule amendments MR-00481-R00-R013 to the IESO Board for approval at its October 18, 2024 meeting. Per the Technical Panel Terms of References, Panel members will be asked to provide reasons for their stated positions.

Accompanying Materials

- Presentation to Technical Panel dated September 10, 2024
- Market Rule Amendment Proposals:
 - MR-00481-R00: Chapter 0.11 - Definitions
 - MR-00481-R01: Chapter 0.1 - Introduction and Interpretation

- MR-00481-R02: Chapter 0.2 - Participation
- MR-00481-R03: Chapter 0.3 - Administration, Supervision, Enforcement
- MR-00481-R04: Chapter 0.4 - Grid Connection Requirements
- MR-00481-R05: Chapter 0.5 - Power System Reliability
- MR-00481-R06: Chapter 0.6 - Wholesale Metering
- MR-00481-R07: Chapter 0.7 - System Operations and Physical Markets
- MR-00481-R08: Chapter 0.7 - Appendices
- MR-00481-R09: Chapter 0.8 - Physical Bilateral Contracts and Financial Markets
- MR-00481-R10: Chapter 0.9 - Settlements and Billing
- MR-00481-R11: Chapter 0.9 - Appendices
- MR-00481-R12: Chapter 0.10 - Transmission Service and Planning
- MR-00481-R13: Chapter 9 - Notice of Disagreement Timelines
- Written Submission – APPrO
- Written Submission – Atura Power
- Written Submission – Evolgen
- Written Submission – Lukas Deeg (generator representative)
- Written Submission – Michael Pohlod (demand response representative)
- Written Submission – OPG
- Written Submission – Power Advisory
- Written Submission – Workbench Energy
- Written Submission – Vlad Urukov (generator representative)
- Summary of Feedback with IESO Responses
- Summary of Changes – Final Alignment