

# Stakeholder Engagement - SE7

## 2006 Day-Ahead Commitment Processes

### Design and Implementation



#### October 6, 2005: Toronto Congress Centre Stakeholder Working Session – Draft Design: Day Ahead Commitment Processes

#### Introduction

On October 6, 2005 the IESO held a Stakeholder Working Session on the Draft Design of the Day Ahead Commitment Processes with Reliability Guarantees. Fundamentally, the session was structured around two major pieces. The first involved presentations and interactive discussions with the entire audience on the design of the day-ahead commitment processes and specific design issues that need to be resolved to complete the design. Questions and comments from the audience during this general session were fielded throughout these presentations and are captured below.

The second format for the program centered on smaller concurrent round table discussions amongst attendees on the specific design issues raised in the presentations. The questions and comments from each round table follow those from the audience during the general session.

For more information, please refer the Stakeholder Plan at:

[http://www.ieso.ca/imoweb/pubs/consult/dayAhead/da\\_20050928\\_stakeholder\\_plans.pdf](http://www.ieso.ca/imoweb/pubs/consult/dayAhead/da_20050928_stakeholder_plans.pdf)

### General Session: Audience Questions and Comments

#### Day Ahead Commitment Processes

1. What is being done to address the 67% of intertie failures resulting from inter-jurisdictional protocol problems?
2. Should load commitment be included along with generation and imports?
3. Another objective should be to avoid harm to the market.
4. Can generators also submit negative Maximum Market Clearing Price (-MMCP) bids?
5. Are there going to be any restrictions on the price/quantity pairs submitted by generators?
6. Is the mandatory submission process meant to be done every day?
7. Isn't constraining units on or shifting generation meddling with the market?
8. Allow generators to revise dispatch data after close of mandatory submission window so they can participate in forming the day-ahead solution before the IESO intervenes.
9. How do we deal with wheels? Exports?
10. How are imports considered in the submission window?
11. What is the impact to the market schedule from all the IESO constraints imposed?
12. Need to compare equity of structures of day-ahead Import Offer Guarantee (IOG) for importers vs. day-ahead Generator Cost Guarantee (GCG) for generators.
13. Elaborate on the types of constraints that could be applied.
14. If a generator turns down GCG do you re-evaluate impact on scheduling?
15. Restate eligibility criteria for GCG.

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16. If receiving a GCG, are there any restrictions on changing dispatch data after completion of commitment process?
17. Mismatch between gas and electric market timelines.
18. Does a day-ahead commitment for a generator relieve it of having to follow its dispatch instruction in real-time?
19. Is the minimum generation level based on the physical characteristics of the facility or is it market based?

**Issue Set #1 Pertaining to Data Submission**

1. For those that won't be getting reliability guarantees, and presuming dispatch data can be changed later, what is value of their submitting data?
2. Accountability for dispatch data being reflective of commercial drivers is contrary to concept of no restrictions on bid/offer submissions.
3. Would a generator offer of \$0 be considered a violation of compliance and/or surveillance?
4. Focus of design should be to create incentives to drive desired behaviours.
5. This day-ahead commitment process design is a change in philosophy with respect to markets and must be defended.
6. If a dispatchable load bids +MMCP day-ahead and then bids "normally" in real-time, is this a compliance issue? A surveillance issue?
7. Explain the rationale for dispatchable loads not being eligible to receive a day-ahead reliability guarantee.
8. There are opportunities for demand response by dispatchable loads if they weren't considered as "Quick Start" facilities. This should be considered as part of the design.
9. There is a very fine line between having sound business reasons for altering bids/offers versus the changes being considered gaming. The design should work towards minimizing the need for surveillance.
10. The day-ahead commitment processes do not constitute a market mechanism and should not be viewed as a market in considering its design.
11. The Failed Intertie Working Group is discouraging intertie transactions that occur only in real-time. Not incorporating exports into the Ontario day-ahead commitment process adds risk to exports out of Ontario into other jurisdictions.
12. Is exclusion of day-ahead exports acceptable to neighbouring markets?
13. If neighbours excluded day-ahead exports into Ontario, how would we react to that?
14. Need complete dedication to continue to move forward towards a full market based day-ahead solution. The statement of this intent in the design document is too weak.
15. What initiatives are underway to insure adequate checkout of committed day-ahead imports with neighbours? Does timing work?
16. Market short of supply should not give preferential treatment to imports (i.e., import guarantee based on offer compared to generator guarantee which is based only on fuel costs).
17. Change in philosophy with respect to markets is a reason why generation doesn't flock to Ontario.

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**Issue Set #2 Pertaining to the Commitment Process**

1. How will the day-ahead IOG be handled in the constrained vs. the unconstrained run?
2. IESO will apply guarantee criteria differently based on the situation with respect to reliability needs for the day.

**Issue Set #3 Pertaining to Guarantees**

1. Why would anyone elect not to receive Generator Reliability Guarantee?
2. If the export component of the wheel was cut, would the Import Offer Guarantee then apply?
3. Ex-ante submission of fixed costs requires a tool to support it. Facility registration may not be a good process to handle this submission.
4. Difficult to consider fixed costs in commitment process.

**Round Table Discussions:**

**GROUP 1:** Table facilitation by Jeannette Briggs

Name	Company
John Harris	Abitibi-Consolidated
Ryan Benner	Dofasco
Mark Simpson	Wescast
George Blechta	Falconbridge
Francois Abdelnour	Ivaco Rolling Mills
Ken Snelson	AMPCO
Bunli Yang	E4

**GROUP 2:** Table facilitation by Lee Ann Leduc

Name	Company
Jim Davis	Saint Gobain
Edik Zwarensten	OEB
Jay Dyson	Epcor
Larry Murphy	Inco Ltd
Takis Plagiannakos	Ministry of Energy
Rob Okashimo	Toronto Hydro Energy Services

**GROUP 3:** Table facilitation by Maia Chase

Name	Company
Stephen Yap	Inergi
Cliff Poyton	Epcor
Paul Dottori	Tembec
Terry Skiffington	Tembec

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GROUP 4: Table facilitation by Warren Hill

Name	Company
Naren Pattani	Hydro One
Michael Soucy	Brascan Power
Yuri Waldo	Brascan
Jay Robertson	Bruce Power
Tao Tao	OPG

GROUP 5: Table Facilitation by Ella Kokotsis and Candice Trickey

Name	Company
Greg Olsen	OPG
Naveed Ather	OPG
Allison Scanlan	GM
Robert Hunt	Optimal Tech
Maurice Tucci	EDA
Paul McQuaig?	Powerex
Bill Smith	Siemens Canada
Randy Heaton	OPG
Brian Bell	OPG

GROUP 6: Table facilitation by John Boudreau

Name	Company
Margaret Duzy	TransCanada
Nora Vasquez	TransCanada
Craig Lemon	Union Gas
Jeff Sims	Enbridge

GROUP 7: Table facilitator was Bob Guberman

Name	Company
Brent Kassing	The Structure Group
Paul Kerr	Coral Energy
Rob Cary	Consultant to Sithe
William Smith	Superior Energy Management
Juliana Uto	TransAlta
Carl Ecelbarger	HQ Energy Services (US)

GROUP 8: Telephone facilitation by Guy Springgay

Jim Paton (Issue set 1 and 2 only)	TransAlta Corp.
Peter Hajek (part of call, no issue set)	Brantford Power (LDC)

## **Issue Set #1 Pertaining to Data Submission**

### **Q1 Is Mandatory Dispatch Data Submission Required for Internal Resources?**

#### Group 1:

- Agree that internal resources should provide data
- Simple and similar to practices currently existing
- Any guarantee commitment must have the data submitted to Day Ahead (DA)
- Includes fixed cost and incremental offer costs
- Capping fixed costs needs consideration or audit mechanism to ensure gaming does not occur. Similar to Spare Generation on Line (SGOL).
- With weak financial drivers are you going to get the “right” data?

#### Group 2:

- The understanding is that mandatory dispatch data will provide a more accurate supply curve day ahead (imports & internal generation)
- Are the start-up costs associated with the DA Generator Cost Guarantee (GCG) auditable fixed costs?

#### Group 3:

- No; full components of DAM is not there
- Show us the value, that this increases reliability
- Yes, proves improves reliability & overall scheduling & prices
- Not true DAM, show us what we’re getting out of this design
- Penalties associated with mandatory dispatch data submission?
- Is someone going to monitor this process?
- Normally wouldn’t matter with full DAM

#### Group 4:

- Mandatory for internal
- Opens door to additional compliance requirements
- Clear rules needed
- Don’t want diminishment of market mechanisms
- Removes flexibility to Generators
- Opens door to more IESO bid management
- Reliability not compromised by high prices
- How is this better than outage management as a control action?
- Reliability should trump markets
- Not really compromising market – just being asked to put in bids earlier
- Fear of compliance over-stated
- GCG may result in lower prices
- Will it lower market prices?
- What is the implication of not offering in Day-Ahead (Generators)?
- What about early return from outages?

#### Group 5:

- Some support it – need to address big issues
- Longer term issue is getting more/better information for loads
- Others opposed to anything mandatory in market system
- Need to create better incentives

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- This issue is **not** a market mechanism
- Compelling generators to offer can create less optimal solution
- Hard rules detract from market mechanism

Group 6:

- Forecast – Peak or average
- Possible dispatch issues/volatility
- Change in bids/offers after pre-dispatch of records seems to defeat certainty
- Bids/offers should be changed only for pre-defined reasons
- Are there reliability reasons to allow changes to bids/offers after pre-dispatch of record?

Group 7:

- Does mandatory data submission add anything? Should be for resource adequacy.
- Try Alberta model-no quantity data changes after mid-day.
- Data submission is not too onerous.
- Behaviour restriction/surveillance is real issue (i.e., offering in at MMCP).

Group 8:

- How much internal generation was not available when we were short or when the prices were high?
- Will new ways to assure internal resource are on-line make a difference? Attended Sept 20th session, but still the question remains.
- The effort of daily submission of dispatch data is not the most concerning of the proposal. They are ok with this.
- They make offers every day anyway. Any must offers comes with capacity payments in other area's. Not playing, then you forego the payment then play on your own.
- More concern is over payments, market impact and min guarantees.

**Q2 Is Mandatory Dispatch Data Submission Required for Imports?**

Group 1:

- Agrees with proposal of “No”
- How do you incent imports?

Group 2:

- Can you cover internally in Real Time?
- The question is if you import Day Ahead and for some reason decide that it is more profitable to cover your position with internal generation, will there be a penalty or compliance issues?

Group 3:

- Should meet FERC regulations
- Yes, should be mandatory, not sure whether you are able to force an importer to submit data
- If it is the rule of the market and they want to play in the market, follow the rules
- Implications to other jurisdictions with this design
- 66% of imports failing for admin reasons
- Fix admin problems

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Group 4:

- Only way to make it mandatory would be to end real time offers
- Should be consistent treatment with Generators
- Let imports offer in real time because may be less competitive Day-Ahead
- If imports are not mandatory, may lead to GCG's being paid that may not have been needed if imports in Day-Ahead competing = added cost for no reliability improvement

Group 5:

- Can't force other jurisdictions
- Can't be done
- We are out of sync with other jurisdictions
- Would like to understand cost impacts of going day ahead versus this mechanism

Group 6:

- Possible over commitment to imports at expense of internal resources

Group 7:

- Cannot mandate for imports.

Group 8:

- This is concerning, what is the mandatory volume and amount?
- Does not see how it would work. Buy and sell you make a profit or lose, other markets TransAlta works with are hour ahead as well as day ahead, so how does Ontario know if you have MW to sell or not?

**Q3 Is Mandatory Dispatch Data Submission Required for Dispatchable Load (DL)?**

Group 1:

- Agrees with proposal of supplying data from DL.
- Do we really make a difference?
- Are we not telling you what you already know?
- Is it worthwhile to consider submission from non-dispatchable who know DA changes that will affect DA runs – voluntary of course

Group 2:

- Non dispatchable loads can't participate? Why can't they get a DA price signal?

Group 3:

- Yes, but DA guarantee should also apply like other players
- All players should be treated equally
- Same opportunities
- Generic language that is applicable to all classes

Group 4:

- If not, would distort load prediction
- More accurate with them in
- Increases accuracy of load forecast and thereby outcomes

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Group 5:

- Expect compliance & surveillance implications – need to understand these to determine best design
- Most in agreement
- Would be nice to get more load-responsive
- Demand response needs to be component of market

Group 6:

No comment

Group 7:

- Should be same requirements as for generation.
- Treating DL as “quick start” should not necessarily be done.
- Only with respect to guarantee eligibility – not supported in principle. If they incur costs, they should be compensated.

Group 8:

- Not much comment. No binding aspect to it, so how do you make sure it flows?

**Q4 Are Exports Considered in the Day-Ahead Commitment Process?**

Group 1:

- Agree with the proposal – (understand the gaming issue).
- Concern - Are we really getting anything better than what we currently have in the market?

Group2:

- Why not?
- MW (net) are the same everywhere

Group 3:

- Yes if you're a generator you want to sell
- Exports do support internal load

Group 4:

- Not having them in, reduces load prediction accuracy
- Price outcomes less accurate without them
- Is price really a driver? If so, need all in.
- Not including them is not an issue of reliability for Ontario, but is for our neighbours
- Not including exports doesn't improve failed transaction situation
- Imports and exports should be treated the same

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Group 5:

- Longer term advantage
- Could lower incentive to build in Ontario because it could lower ability to sell
- This is similar to a control action, it's not a market
- When will it be implemented?
- Concerns about turning mechanism on/off
- It should only be used when there are serious reliability issues
- In lieu of Day-Ahead Market, need system that has on/off capability
- What are the implications with other jurisdictions with respect to how we treat imports/exports?
- Other jurisdictions want our problem fixed

Group 6:

- If not include exports = incomplete picture – might impact reliability
- Potential Impact on sphere of exporters vs. activity (Gas)

Group 7:

- Increased certainty for exports should get same consideration as imports (principle).
- How does under commitment of resources add to system reliability?
- Undermines the value of Ontario exports.
- Treat export same as dispatchable loads if they accept guarantee.
- Commit export day-ahead. If cancelled in real-time, compensate.
- Need to consider beneficial aspects of export on net ramping capability.
- Have to be able to deal with wheels.

Group 8:

- Need to study this more.
- They trade adjacent markets. Asset production is a position and external markets allow the risk reward to be managed by taking positions with respect to price, cost, production risk and other factors.

**Q5 How are Price and Quantity Changes Treated?**

Group 1:

- Agree with no changes until DA commitment process has concluded – simply a practical approach.
- Hoping that goal is: Lighting up the pre-dispatch DA
- Run to a picture that is closer to RT runs
- Are we going to get enough data, the right data to improve the reliability?
- Won't people wait until RT to make decisions because that is where the financial drivers lie?

Group 2:

- Import/export offer DA (OPG Point) allowed? In other words, if the export is cut in RT, will there still be an implied wheel and will DA IOG be clawed back?

Group 3:

- difficult to answer given this structure
- disconnect between internal resources and imports if prices aren't guaranteed day ahead

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Group 4:

- Once the commitment phase is over – should be able to do what they want
- Gaming possibilities without financial penalties
- Could suppress real time prices
- Has to be CMSC offset mechanism
- If a temporary expedient say so, what's the long-term plan?
- What's the big picture?

Group 5:

- Offer expectations are an issue
- Rather than IESO constraint, should allow/request MPs to fix problem by adjusting bids/offers
- Could be perceived as meddling in the market with respect to IESO constraining
- Might not be optimal

Group 6:

- Commitment from gas may be difficult to achieve due to alternate uses of gas. Cost guarantee – needs to consider opportunity costs -gas LDC charges
- Minimum load may be the maximum commitment available from gas  
- if more is needed – commitment > minimum load

Group 7:

- Changes after commitment process
  - No actual or implied constraints on making changes
  - Exception – day-ahead committed import cannot increase offer for scheduled quantity.
- Changes during commitment process.
  - Let participants make adjustments first, before IESO intervention.
  - If necessary, consider expanding process timeline to allow more participant adjustments within the process.

Group 8:

See comments under Group 7

**Issue Set #2 Pertaining to the Commitment Process**

**Q6 Will the Commitment Process Be Run Every Day?**

Group 1:

- Agree – arguments put forth are reasonable.
- Make commitments when you need to make them.
- The shoulder periods.
- Is this not why we would run everyday.
- What is the incremental cost of running everyday? If this is nominal difference between daily vs. occasionally, run daily!

Group 2:

- Everyday running of the commitment process is OK, offers consistency and operational planning ability.

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Group 3:

- yes – for practice, continuity
- applying rules differently on non-tight vs tight days
- stick to the same rules
- always struggling against HOEP

Group 4:

- Should run every day
- Don't always know day ahead that the day will be tight
- Hard to arrive at criteria for not doing it every day
- Not as transparent if not every day
- IESO definition of tight might not be the same as my definition

Group 5:

- Should only be used when needed, i.e. Alberta model
- Need to address inconsistencies in bidding process
- Bidding issues has its own implications
- During this past summer, this would have been used
- Preferable to put it in place, all the time, on a consistent basis
- But will it hurt revenue?
- What impact will it have on the rest of the market?
- This model provides import access, but this is contingent on going to the next step (day-ahead market)
- What will restrictions be? Need to be as unobtrusive as possible
- Need to re-assess all market rules that impact price

Group 6:

- Consistency, fairness speaks – doing it every day
- Insurance policy

Group 7:

- Most agreed process should be run every day.
- Another view was that not only shouldn't the process be run every day, but also that data submission should not be required every day. The same metrics for determining the need to run the process should be applied to requiring data submission.
- Must define criteria by which IESO will constrain for "resource adequacy" (i.e., metrics for acting)

Group 8:

- Do not run it every day and minimize the amount.
- They show up every day when it appears there will be a need.

**Q7 Will the Day-Ahead Generator Cost Guarantee (GCG) Be Available Every Day?**

Group 1:

- Units should only be committed when they are needed.
- Agree that the guarantee should be available not necessary paid.
- Provides consistency day to day.

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Group 2:

- Maybe more gens on the margin (GCG) DA.
- Timelines. Gas. GCGs are for non quick start, so shouldn't the timelines reflect the ability for the non quick starts to buy their gas DA?.

Group 3:

- What is the effect on market price? Particularly off-peak with DA guarantee and bidding behaviour?
- Incremental deviation – which way will price go?

Group 4:

- Just if tight
- Should always be there
- Implementation key – should be consistent day to day
- Having it every day could suppress price
- Minimum generation, minimum run resource at bottom of stack

Group 5:

- Prefer consistency
- Waiting for demand side to kick in
- Needs work – consistency the big issue
- Consistency through/across MPs participation
- There should be a level playing field, if there's the same level of performance

Group 6:

- Should be DAGCG every day (symmetry) – YES
- If uplift, then hard for loads to hedge risk

Group 7:

- Same views as for running the process every day

Group 8:

- Decline comment except to note it is guarantees don't cover their total cost or include any risk, capital cost, margin etc.
- In a market where undersupply exists, prices should rise. Regulated rates are not good.
- Cost guarantee ...they have some long start up times, need to be able to make money eventually. Need to make money in the real time market when the price is above the min cost guaranteed. The proposal only covers operating costs in a business that has high capital cost.

**Q8 Will Day-Ahead Import Offer Guarantee (IOG) Be Available Every Day?**

Group1:

No info

Group2:

- Why should loads pick up the tab for DA IOGs every day?
- Loads find it difficult to predict uplift, more guarantees means more uplift.

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Group 3:

- sounds reasonable
- has to be since we're after imports
- imports treated more favourably with this design
- internal generators should have opportunity

Group 4:

- To the extent it helps reliability only
- Should be all the time
- Can't always tell day ahead when you will need this

Group 5:

- Needs IOG
- Consistency key
- Why pay IOG if there's no reliability issue?

Group 6:

- Day Ahead IOG – unconstrained \$\$ or constrained \$\$

Group 7:

- Same views as for running the process every day, plus the following additional points
- Consistent day to day.
- Are IOGs needed every hour or just a subset of the hours?
- If a subset, should be consistent day-to-day
- Should also be consistent between day-ahead and real-time
- Should be every hour because traded in variable blocks of hours.

Group 8:

- Competitor has an advantage for importing as they are guaranteed not to lose in any hour while keeping benefit in every hour when price is above the guarantee.
- Internal generation has the bad hours netted against the favourable ones and keeps only the difference. Importer would not have to show the costs but internal resource does.

**Q9 Will Reliability Guarantees End up Being Paid Every Day?**

Group1:

- Agree in theory process should not change from current practice – paid only when required.

Group2:

No comment

Group 3:

- yes, paid everyday now (SGOL)
- doesn't create a different scenario that is already present today

Group 4:

- Should be clear, transparent rules about when paid
- If it's a guarantee, it should be paid regardless of whether it's tight

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Group 5:

- No comment

Group 6:

- How does OPA handle CES contracts? Design issue – discuss with OPA

Group 7:

- Same views as for running the process every day

Group 8:

No comment

**Q10 Has the Timeline for the Day-Ahead Commitment Process been Finalized?**

Group 1:

- Is there a way of aligning with gas timeline (nomination for gas is 8:00 am)?
- Would this alignment mean a 2-day ahead “market”?
- Problem created because you are suggesting being ahead of neighbouring jurisdiction import market
- What we do now should be consistent with future DA market implementations
- Willing to forego the implementation timeline for June in order to get a better implementation product:  
Show of hands from the table = 2 willing, 5 not willing

Group 2:

No comment

Group 3:

- seams issues – considerable discussion
- gas #1, mesh with gas
- consistent so traders can participate
- mesh with adjacent markets
- argument of trade off of gas vs other generators doesn't make sense
- close before NY + Gas must be done before 10:00 am
- present timeline will run into pipeline constraints
- make it easy for gas to help with price

Group 4:

- Lines up with current procedures/practices
- Leave as is – good 5-hour window

Group 5:

- Closer to real time is closer to accurate
- This doesn't guarantee schedule
- Helpful if MISO + NY information could be documented for better understanding
- Easier to coordinate closing of Day Ahead Market in other jurisdictions

Group 6:

- Timing is complex, define ideal world = midground
- May be opportunity for gas sector to respond to additional certainty provided by electricity sector

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Group 7:

- Before finalizing, need to consider the following:
  - Neighbouring market alignment.
  - Gas market alignment.
  - DST vs EST.
  - Include feedback to cover:
    - Intermediate results
    - Allow participant submission iterations
    - Timing of ISO reconciliation with NYISO.
  - Current timeline doesn't allow knowledge of NYISO results before Ontario submissions closed out.

Group 8:

- Does not think the day-ahead process is the only way for the market to evolve.
- Forward markets don't have to be run by an ISO.
- An idea is for the IESO to only operate day to day, real time market and let competition determine how forward trades occur. Who would be the most effective futures market operator, someone like NYMEX or the IESO?
- Other markets run efficiently for a variety of reasons including scale.
- Question. How would Ontario and investors feel if the government ran the TSE the way the IESO is planning to run the electricity market next summer?

### **Issue Set #3 Pertaining to Guarantees**

#### **Q11 Is Acceptance of Reliability Guarantees Voluntary for Generation Resources?**

Group 1:

- Agree with the voluntary nature

Group 2:

- General agreement on voluntary acceptance

Group 3:

- yes, because it is now for SGOL
- if someone doesn't want to commit themselves because of the possible opportunity in RT then they should have that choice
- loads and generators should be treated equally

Group 4:

- May need to make mandatory if not enough uptake
- Sure

Group 5:

- Maintained as voluntary
- Could be expanded to demand response?

Group 6:

No comment

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Group 7:

- Yes
- Still need to address where in the process guarantee election takes place.

**Q12 Are there Penalties for Resources Committed Day-Ahead and Not Meeting Expectations in Real-Time?**

Group1:

- Does not meeting RT expectations affect reliability?
- If the answer is yes - then penalties should apply.

Group2:

- Not practical to introduce penalties
- One wants to check.

Group 3:

- should be penalties on imports because it is a contractual issue not jurisdictional
- penalty fund accumulated to pay others in RT to meet to failed transaction
- the same penalties should apply to internal resources

Group 4:

- No penalty internal okay
- Different treatment could reduce import involvement
- Need clear criteria for any importer penalties
- Hard to make call without clear rules

Group 5:

- Might be too far down the road
- Internal resources and imports – no to both
- No reward, no penalty
- Need to have penalties but need better definition of “bonified and legitimate” to understand operating parameters

Group 6:

- If no compliance issues then make it automatic or keep it voluntary
- If no penalties for imports will lead to reliability issues?

Group 7:

- Generators should not pay penalties.
- Imports – needs further evaluation with respect to penalties.

**Q13 Will Import Offer Guarantee (IOG) Payments be Made to Day-ahead Imports that are Part of an Implied Wheel?**

Group1:

- Agree that IOG should not be paid for implied wheels.

Group2:

- No DA guarantee on wheels!!!

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Group 3:

- exports should be included in the planning so there should be a guarantee
- exports allow for vars, power, critical from a tx or grid stand point
- impedes IESO's ability to have it available for reliability purposes

Group 4:

- If export cut – import should get guarantee
- If export not cut, no guarantee

Group 5:

- Same concerns as with real time wheel transactions
- Potential for consequences on real time market prices

Group 6:

- where are imports in the stack?
- Confusion!

Group 7:

- Because exports are excluded day-ahead, real-time exports should not reduce day-ahead IOGs.
- If exports allowed day-ahead, day ahead IOG should be based on net.

**Q14 Will the Real-Time Import Offer Guarantee (IOG) Construct be Eliminated?**

Group 1:

- RT IOG should be kept

Group 2:

- Keep RT IOG

Group 3:

- should stay

Group 4:

- Is a logic to ending it – get imports more into day-ahead
- Monitor needed
- Maybe limit IOG to peak hours

Group 5:

- IOG – will it be eliminated? NO

Group 6:

No Comment

Group 7:

- No

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**Q15 Will the Real-Time Spare Generation On-Line (SGOL) Construct be Eliminated?**

Group1:

- SGOL should be kept

Group2:

- Don't eliminate SGOL but make sure it is consistent with DA GCG submission
- SGOL construct OK

Group 3:

- should stay
- what is the fall back position if the market doesn't follow as predicted DA?

Group 4:

- No – keep SGOL
- If mandatory Day-Ahead, why keep it? Why needed?

Group 5:

- Should coordinate with real time (if parity exists with real time between IOG + PCG), but do not get rid of SGOL

Group 6:

No Comment

Group 7:

- No
- Real-time SGOL exists for ramping capability.

**Q16 Will the Day Ahead – Generation Cost Guarantee (GCG) be a Production Cost Guarantee (PCG) or Spare Generation On-Line (SGOL) Construct?**

Group1:

- If the problem is inconsistency between DA and RT using IOG vs. PCG could you turn the SGOL into PCG RT and then use PCG DA?
- Eliminate the inconsistency between RT & DA! – if this is possible then the constructs agreed to above would need to be changed.
- General principle that DA & RT should be treated similarly

Group2:

- Can't have the same guarantees, doesn't make sense.

Group 3:

- what is the cost magnitude between the two?

Group 4:

- SGOL
- More parallel Day-Ahead and Real Time

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Group 5:

- 2 should be the same to avoid arbitrage
- Same as real time

Group 6:

No Comment

Group 7:

- SGOL

**Other Comments from the Roundtable Discussions:**

Group 1

- Need Consistency between IOGs & GCG – equitable treatment?
- These do not need to be consistent because they are present for different reasons.

Group 2

- Penalties? For not showing? Imports?
- Assurance that DA imp are treated different than RT (priority?) ie will DA transactions be favoured and RT transactions cut first? (transmission)

Group 4

IOG & GCG Differences

- Should cover internal resources the same way as imports
- If you need the power day ahead, should pay for it real time
- If cover full internal offer – distort market more
- Not as much about reliability at that point

Group 5

Specific issues on consistency raised by OPG Issue:

- Should there be consistency between IOGs and generator cost guarantee?
- Want parity
- Guarantee should be based on market type data
- Should consider load response on a bid basis
- Don't want to be discriminated against
- Need to improve guarantee for internal generation
- Design incents generators to displace imports through low offers and high quantities
- Only surveillance checks this
- Include something in design to incent different behaviour

Other issues raised by Group 5

- Need to see day ahead demand forecast
- Wind generators need to be accountable to their forecasts for day ahead

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Group 6: Gas day Issue: Cost, Timing, Scheduling

Design Issues

- Natural Gas Genco is different – so cost guarantees may need to be different for them
- #3 If export cut for reliability, then it is an import failing in other market creates costs that need to be considered
- #4 – NO!
- #5 – NO!
- #6 – To incent day ahead, make GCG > SGOL
- #7 – YES
- Design: Move 2 hour window to day before!
- If 18 months outlook is RAR > 0, is there truly a reliability issue?
- Why should we have sessions if IESO has already selected design?

Group 7

Consistency between the structure of the day-ahead IOG and the day-ahead GCG payments

- Needs further discussion.
- Conceptual agreement that there should be consistency. Question is how to accomplish it.
- Lack of assurance to generators of an actual schedule day-ahead.

Group 8

Comment from TransAlta: They see similar issues with a number of other ISOs that similarly do not really trust the market to respond when needed. Generally another body has to force the former system operators to implement markets because they miss the control they once had. Eg Alberta has the ability to respond by making generators run too. Their ISO wanted more control and department of energy market design team mandated less.

General comment: In times gone by utilities use to run plants when they wanted. ISO's should not be taking control. There will be no market with this option. Stay out of intervention.

Does not think the day-ahead process is the only way for the market to evolve. Forward markets don't have to be run by an ISO. An idea is for the IESO to only operate day to day, real time market and let competition determine how forward trades occur. Who would be the most effective futures market operator, someone like NYMEX or the IESO? Other markets run efficiently for a variety of reasons including scale.

Question. How would Ontario and investors feel if the government ran the TSE the way the IESO is planning to run the electricity market next summer?