

Allocative Efficiency

Allocative efficiency refers to maximizing the efficiency of the resources currently available to the market. Allocative efficiency is maximized when power is being provided to those most willing to pay at the lowest cost. If the cost of producing the energy exceeds the value placed on the energy by those consuming it, efficiency is reduced. Allocative efficiency is achieved through appropriate real-time dispatch, response to real-time price by non-dispatchable loads and generators, and through anticipation of prices through appropriate bids and offers by dispatchable participants, including importers and exporters, and through maintenance scheduling decisions.

Dynamic Efficiency

The market design should signal investment in efficient technology choices in a timely manner. Signalling the value of various products such as reserve and energy and how they vary throughout the day will provide the market with accurate information to encourage efficient investment.

Fairness

The market design must provide equal, non-discriminatory access and equal and non-discriminatory treatment for all participants.

Reliability

The market design should, to the extent possible, enhance the reliability of Ontario's electricity system. The market should provide signals and incentives for appropriate behaviour during immediate reliability issues and to ensure long term capacity in the market.

Transparency

The market design must be well understood by participants. Participants should be able to infer system conditions from market signals, and be able to predict market signals for a given set of system conditions. While the market design may evolve over time, it is important that changes are understood to keep from undermining a stable basis for contracts.

Robustness

At the most basic level, robustness means the market design should be sufficiently comprehensive so as to ensure that only extraordinary circumstances can upset the functioning of the market in the short and long term.

The market design should be able to support future market initiatives without major modification.