

Dispatchable Load Treatment - Correction to Market System Software

Market Pricing Working Group
May 13, 2005



- **Two separate deficiencies associated with the treatment of dispatchable loads within the current market systems have been identified:**
 - #1 The purchase of OR from the non-dispatchable portion of a dispatchable load; and**
 - #2 OR shortage calculations do not consider dispatchable loads as flexible.**

- **Though deficiency #1 was only discovered in the last year, both have existed since market commencement.**
- **“Work arounds” are in place but are inadequate and limit the participation in the IESO Administered Market.**

- **Regarding deficiency #1 (OR acquisition):**
 - **The system's will inappropriately issue OR schedules to dispatchable loads (i.e. OR from the non-dispatchable portion of their load) thereby displacing other available OR providers.**
 - **Participants manually report and the IESO manually schedules (i.e. block/add OR dispatch instructions) to meet OR requirements of the system.**
 - **In an effort to mitigate the potential reliability risk, the IESO has limited the participation by dispatchable load in the OR market.**

- **Regarding deficiency #2 (shortage calculation):**
 - **When a shortage in OR exists, the rules require the MCP to be set equal to the greater of the last OR offer or energy offer/bid. To do this the deficient sequence is rerun with the requirements reduced by the shortage amount plus 2MW. (Same approach is used in both the constrained and unconstrained schedules.)**
 - **In the initial run where the shortage is detected dispatchable loads and generators are considered “flexible” in that they are eligible for dispatch and can set price (in either the constrained and/or unconstrained sequences).**

- **Regarding deficiency #2 (con't):**
 - **In rerunning the sequence, however, the dispatchable load is no longer flexible and its schedule is fixed at the first run value. As an “inflexible” resource it can no longer set price.**
 - **Implications:**
 - **The dispatchable load is effectively shifted to the bottom of the stack which results in the price being set by a lower priced generator offer;**
 - **Schedules for the dispatchable load may be inconsistent with the rerun pricing outcomes (constrain and/or unconstrained).**

- **Regarding deficiency #2 (con't):**
 - **As part of the “work around” the IESO looks for and will consider administering prices where the market schedule reruns. No action is taken where the constrained schedule reruns.**
 - **Investigations have identified five instances where the market schedule reran (i.e. 5-intervals) since January 4th, 2004.**

- **The IESO is expecting software changes that will correct these deficiencies to be delivered by June, with onsite testing complete in early July.**
- **Provided testing is successful the earliest in-service date for the corrections is July 13th.**
- **Although the July 13th date is outside the normal external facing release plan the IESO is expecting to implement the corrections particularly for Item #1 as soon as possible through an interim release.**

- **The IESO is asking the MPWG & the Dispatchable Load WG to act as a “sounding board” for these changes given their understanding of the issue(s) and meeting schedules.**
- **The entire market will be notified via web postings (Pending Changes posting and description) accompanied by an e-mail announcement pointing to the web postings. (The normal two week comment period would apply.)**

- **Should the testing be unsuccessful or the stakeholdering process identify unforeseen concerns implementation may be delayed.**