

Memorandum

To: Market Pricing Working Group
From: John MacKenzie, Market Evolution
Date: 27 Nov 08
Re: Proposed 2009 Priorities for MPWG

Attached are the following documents:

- Establishing Priorities for IESO Studies of Market Design Changes ;
- Priority Scoring of Market Design Change Studies; and
- Market Pricing Working Group member feedback regarding priority issues.

Establishing Priorities for IESO Studies of Market Design Changes

As a result of stakeholder feedback received from the MPWG, the Stakeholder Advisory Committee and the Technical Panel, as well as internal IESO review, this document has been updated from the version distributed for the MPWG meeting on October 29th, 2008. The changes include:

- Setting equal weighting for the Reliability and Market Efficiency criteria, at 30% to recognize the equal importance of these two considerations;
- Changing the criterion 'IESO Efficiency' to 'Sector Efficiency' to capture efficiencies that could be realized by other entities in the electricity industry as a result of a market design change. Examples of such sector efficiencies would include reducing the cost of participation in the wholesale market or connecting to the IESO controlled grid;
- Reducing the weighting of the Sector Efficiency and Implementation Costs criteria to (i) accommodate the increased weighting of Market efficiency and (ii) acknowledge their lesser importance relative to the Stakeholder Support criterion.

Priority Scoring of Market Design Change Studies

This table shows the priority scoring of the identified market design change studies by criteria and by total weighted score. The scoring was conducted by IESO staff.

Market Pricing Working Group Member Feedback

Three generators submitted written feedback on what issues should be the priority issues for the IESO to study. The issues identified by the individual generators, while different from each other, are consistent generally with the IESO priority scoring results, with a few exceptions.

Ontario Power Generation suggests that “Intertie Transactions Setting Real-Time Price” be a high priority, while the IESO scoring gives that issue a relatively lower priority. The IESO scoring is based on the expectation that such a change:

- would have minor positive impact on market efficiency resulting from improved convergence between pre-dispatch and real-time prices;
- would have moderate implementation costs as it would require changes to real-time market schedule and settlement systems;
- would have mixed stakeholder support for the change, depending on whether the stakeholder believes they would gain or lose.

Sithe Global suggests that the “OPA Peaking Gas-Fired Generation” issue be the second highest priority. The IESO has not included that issue in its priority scoring as day-ahead commitment issues of peaking gas-fired generation is being addressed in the EDAC and that real-time issue are expected to be in the scope of the ‘Exploration of Enhancements to Dispatch Methodology (SE-61)’ issue.

Proposed 2009 Priorities for the MPWG

On the basis of the priority scoring, the IESO proposes that the following issues be the 2009 priorities for the MPWG:

1. More Efficient Uniform Price;
2. Peak vs Average Demand Forecast in Pre-Dispatch Sequences (IESO decision addressing this issue pending by end of 2008);
3. Control Action Operating Reserve; and
4. Intertie Transactions Setting Real-Time Price.

In addition to these issues, the MPWG would also be reviewing the analysis of the impact of the change to 3x ramp rate in the market schedule.

The MPWG should also note that changes being studied under the ‘Operating Reserve and Market Schedule Practices Review’ are expected to have market pricing implications and would be discussed with the MPWG.

MPWG member feedback is requested on the proposed set of priority issues for 2009.

Yours truly,

John MacKenzie

INTRODUCTION

The IESO has committed at the Stakeholder Advisory Committee to develop a transparent and consistent process for establishing priorities for studying potential market design changes. Issues and initiatives that are intended to be classified as 'market design changes' include:

- market rule amendments;
- market pricing issues; and
- broader market issues and evolution initiatives.

Many IESO activities and initiatives would not be covered by this process as (i) they would not be a 'market design change' e.g. Settlement System Upgrade (SE-64) or (ii) have moved into the implementation phase e.g. Enhanced Day-Ahead Commitment.

The priorities established under this process are an input to IESO decision makers who, taking into account other factors, would determine which studies the IESO will undertake.

Potential market design changes can originate from many sources. Any person can submit a market rule amendment request to the Technical Panel. The Market Surveillance Panel has made many recommendations that would change aspects of the market design. Stakeholders, including the government and the Ontario Power Authority can introduce or request initiatives that require changes to the market design. A list of the current identified potential market design changes is attached.

Prioritization of these many design changes also occurs in the different forums established to address the change: Technical Panel, Market Pricing Working Group, IESO Operations etc.. These disparate assessment and prioritization processes have led to the IESO assigning priorities and undertaking studies in an inconsistent and non-transparent manner. The goal of this model is to gather together all the market design change issues together so that the IESO can, in consultation with stakeholders, assess each issue and establish priorities in a consistent and transparent manner.

The priorities established under this process would be for the study and investigation of market design changes. The decision on whether to ultimately implement and the associated priority of the implementation of any change resulting from the study is not within the scope of this process. Those decisions would be made under other IESO decision processes.

PROCESS OVERVIEW

The IESO shall establish the priority of market design change studies by:

- i) assessing and scoring the expected impacts of the market design change in the following six areas or criteria:
 - Reliability;
 - Market efficiency;
 - Sustainable electricity service;
 - Sector efficiency;
 - Implementation costs; and
 - Stakeholder support.
- ii) weighting and summing the scores.

The higher the weighted total score, the higher the priority.

The criteria and the factors to be considered under each criterion are aligned with the IESO mission and strategic objectives and priorities as defined within the IESO Business Plan¹.

IESO resource capability to undertake the study is not a criterion for determining priority. By excluding IESO resource capability, the priority of potential market design change studies would be determined strictly on the 'merits' of the issue. This approach would also ensure that market design changes that score high with respect to impacts, costs and support do not get lower total scores because IESO resources are not available to undertake the study. IESO resource capability would be a factor when establishing which of the higher priority studies to undertake. Refer to the section 'Additional Factors' for further discussion of IESO capabilities.

The scoring methodology is subjective, requiring an assessment of the expected impacts, implementation costs and stakeholder support for a market design change. The IESO recognizes that it is speculative to make these assessments before the study has been conducted. However, the IESO believes that such an assessment is necessary to make priority decisions, and that such assessments will improve as experience is gained. Also, as this prioritization process evolves over time and through experience, the IESO expects that the scoring metrics would become more granular and definitive.

¹ MISSION

To act in the interests of the people of Ontario to enable reliable, competitively-priced and sustainable electricity service.

STRATEGIC OBJECTIVES

- reliable electricity service
- competitively-priced electricity service
- sustainable electricity service

STRATEGIC PRIORITIES

- Providing value in the IESO's services and products;
- Responding to the needs and concerns of stakeholders; and
- Earning the trust of all stakeholders as a just administrator and capable advisor

PROPOSED CRITERIA

1. **Reliability**

Maintaining the reliability of the IESO-controlled grid is the IESO core mandate. Reliability includes both adequacy (enough supply to meet demand) and security (ability to recover from contingency events). The IESO and Ontario are required to comply with reliability standards established by NERC, NPCC and the IESO. The IESO is facing challenges with respect to maintaining reliability in the face of the expected significant changes to the power system infrastructure e.g. changing generation fleet including new generation technologies and distributed generation, new transmission such as the High-Voltage Direct Current line from Quebec. Maintaining reliability must be a significant factor when establishing priorities for studying market design changes.

Factors to consider when assessing the expected impact of a potential market change on reliability include, but are not limited to, the following:

- To what extent would the market design change be expected to contribute to the efficient and reliable integration of the expected infrastructure changes to the power system?
- To what extent would the market design change be expected to contribute to the IESO operating the integrated and interconnected power system reliably?
- To what extent would the market design change be expected to contribute to market participants operating their equipment/facilities so as to contribute to the reliable operation of the integrated and interconnected power system?

Scoring:

Higher scores are assigned to studies of changes that are expected to have the greater positive impact on reliability.

'0' – the market change is expected to have no positive impact on reliability;

'1' – the market change is expected to have a minor positive impact on reliability;

'2' – the market change is expected to have a moderate positive impact on reliability;

'3' – the market change is expected to have a significant positive impact on reliability.

2. **Market Efficiency**

Market efficiencies include allocative, productive and dynamic efficiencies². The IESO strives to improve market efficiencies to meet its objectives of being a just administrator and

² Productive efficiency is defined as using the least amount of resources to produce a given good or service. In other words, output is being produced at the lowest possible unit cost.

Allocative efficiency is the market condition whereby resources are allocated in a way that maximizes the net benefit attained through their use. A market will be allocatively efficient if:

(1) Output is produced by the lowest cost producers

(2) Output is consumed by those most willing to pay for it and only when its value to the consumer is at least as great as the incremental cost of its production.

providing value in its services. Promoting economic efficiency and sustainability in the generation, transmission, distribution and sale of electricity is a purpose of the Electricity Act, 1998 and one of the legislated objects of the IESO is to operate the IESO-administered markets to promote the purposes of the Electricity Act. To achieve these efficiencies the IESO will enable competitively priced electricity service. Other aspects of market efficiency include fairness and market integrity.

Factors to consider when assessing the expected impact of a potential market change on market efficiency include, but are not limited to, the following:

- To what extent would the market change be expected to improve real-time price fidelity? e.g. prices reflect prevailing supply and demand conditions; costs of providing energy are reflected in the energy price rather than in uplift charges;
- To what extent would the market change be expected to result in more efficient scheduling and dispatch of resources and transactions, including intertie transactions?
- To what extent would the market change be expected to result in market-based signals that would promote short-term and long-term market efficiencies e.g. encouraging generation and delivery of electricity that meets the needs of consumers at the least cost; encouraging efficient and innovative investment in all segments of the electrical system; encouraging competition?
- To what extent would the market change affect non-energy market charges rather than energy price?
- To what extent would the market change address issues of fairness and market integrity?

Scoring:

Higher scores are assigned to studies of changes that are expected to have the greater positive impact on market efficiencies.

'0' – the market change is expected to have no positive impact on market efficiencies;

'1' – the market change is expected to have a minor positive impact on market efficiencies;

'2' – the market change is expected to have a moderate positive impact on market efficiencies;

'3' – the market change is expected to have a significant positive impact on market efficiencies.

3. Sustainable Electricity Service

The IESO supports government policies and initiatives in the area of sustainability. Higher priority should be assigned to the investigation of market changes that facilitate such

Dynamic efficiency relates to efficient technology choice and timely and efficient capacity investment decisions both on the supply side and the demand side of the industry.

Dynamic efficiency requires that proper incentives exist to make long-term decisions, such as those about investment and the introduction of new products and services. Dynamic efficiency also requires that the effects of decisions in one period be taken into account for future periods.

government policies and initiatives e.g. demand response, renewable energy, and environmental responsibility.

Factors to consider when assessing the expected impact of a market change on sustainable electricity service include, but are not limited to, the following:

- To what extent would the market change be expected to enable and support demand response and facilitate customers' effective use of the IESO-administered markets?
- To what extent would the market change be expected to reduce the environmental footprint of the provision and consumption of electricity in Ontario?

Scoring:

Higher scores are assigned to studies of changes that are expected to have the greater positive impact on sustainability.

'0' – the market change is expected to have no positive impact on sustainable electricity service;

'1' – the market change is expected to have a minor positive impact on sustainable electricity service;

'2' – the market change is expected to have a moderate positive impact on sustainable electricity service;

'3' – the market change is expected to have a significant positive impact on sustainable electricity service.

4. **Sector Efficiency**

Market design changes that would improve sector efficiency would have at least some of the following expected impacts:

- reduce the market participant cost of participating in the IESO-administered markets;
- reduce IESO costs to administer the IESO-administered markets or manage the reliable operation of the IESO-controlled grid;
- improve IESO services to the IESO-administered markets and/or the electricity sector.

Factors to consider when assessing the expected impact of a market change on IESO efficiency include, but are not limited to, the following:

- To what extent would the market change be expected to reduce the costs of participation in, and operation of, the IESO-administered markets?
- To what extent would the market change impact the quality of IESO services to the market?
- To what extent would the market change impact IESO costs of providing services to the market?

Scoring:

Higher scores are assigned to studies of changes that are expected to have the greater positive impact on sector efficiencies.

- '0' – the market change is expected to result in no improvement in sector efficiency;
- '1' – the market change is expected to result in a minor improvement in sector efficiency;
- '2' – the market change is expected to result in moderate improvement in sector efficiency;
- '3' – the market change is expected to result in significant improvement in sector efficiency.

5. **Implementation Cost**

Market design changes, if implemented, require IESO and market participants to make some investment to change systems and/or business processes. Those costs can be significant especially if they are related to changing market system software. In determining which studies to undertake, the IESO should consider the potential or expected implementation costs for these changes.

Including expected implementation costs in the determination of the total weighted score also introduces the notion of a 'return on investment' to the priority scoring. The 'investment' would be the expected implementation costs and the 'return' would be the expected positive impacts described under criteria 1 through 4.

Factors to consider when assessing the expected implementation costs of a market design change include, but are not limited to, the following:

- To what extent would the IESO need to change its dispatch and scheduling software and systems?
- To what extent would changes be required to IESO-market participant interface systems?
- To what extent would market participants need to change their market-related and business systems and processes?

Higher scores are assigned to studies of changes that have lower expected implementation costs.

'0' – the market change is expected to require significant implementation costs for the IESO and/or market participants;

'1' – the market change is expected to require moderate implementation costs for the IESO and/or market participants;

'2' – the market change is expected to require minor implementation costs for the IESO and/or market participants;

There is no '3' score for implementation costs, which would correspond to no implementation costs, as every change results in some IESO costs.

6. Stakeholder Support

Being responsive to the needs and concerns of stakeholders is a strategic priority for the IESO. Therefore, the degree to which stakeholders support investigation of market changes is an important consideration for the IESO when determining priorities.

Factors to consider when assessing stakeholder support for the investigation of a market change include, but are not limited to, the following:

- Did a stakeholder originate the request for the market change?
- Have stakeholders expressed concern(s) with respect to that aspect of the market that would be the subject of the market change under consideration?
- To what extent are stakeholders aligned in supporting the investigation of the market change?
- To what extent would the market change favour some stakeholders over others e.g. wealth re-allocation?

Scoring:

Higher scores are assigned to studies of changes that have greater expected stakeholder support.

'0' – the market change is expected to have no support from stakeholders;

'1' – the market change is expected to have limited support from stakeholders;

'2' – the market change is expected to have moderate/mixed support from stakeholders;

'3' – the market change is expected to have a significant support from stakeholders.

WEIGHTING OF CRITERIA

Some of the criteria are more important than others. One method to reflect that hierarchy is to weight the criteria. Given the IESO mission, strategic objectives and priorities, it is proposed that the criteria be weighted as follows:

Reliability – 30%

Market Efficiency – 30%

Sustainable Electricity Service – 20%

IESO Efficiency – 5%

Implementation Cost – 5%

Stakeholder Support – 10%

Reliability and market efficiency are given the highest and equal weighting as both represent the core mandate of the IESO. Sustainable electricity service is given the next highest weightings, as improvements in this area benefit the market and Ontario. Stakeholder support is given the next highest weighting, reflecting the importance of addressing stakeholder concerns. The remaining two criteria are given lesser but equal weighting as it is not evident if one is more important than the other.

ADDITIONAL FACTORS

There are additional factors that are necessarily considered by IESO senior management when it decides which studies to undertake. Some of these factors are discussed below.

Legal/Regulatory Obligations or Directive

If there is a legal obligation on the IESO, through legislation or regulation, to consider and implement a market change, such an obligation may result in that market change being studied and implemented ahead of other potential market changes, even if the application of the above criteria would not support the higher priority. Examples of such an obligation include a change to a NERC or NPCC reliability standard may require market rule amendments or a legislative requirement or regulatory order to change some aspect of the market.

IESO Resource Considerations

Another factor would be availability of IESO resources (e.g. staff with required skills; dollars) to undertake the study. If the IESO is constrained so that it cannot undertake all the higher priority studies, the IESO would need to choose which of the higher priority studies to undertake. This may result in the IESO studying a lower priority market change because the resources needed to investigate a higher priority change are fully engaged in other high priority work.

'Quick Hits' vs. Long-Term

Some potential market design change studies that would have a high priority score require a significant period of time and resources for study and potential implementation, if the change is approved (i.e. "long-term" study and implementation). Other studies, which may have lower priority score but still positive expected impacts, may not require a significant period of time and resources for study and potential implementation, if the change is approved (i.e. 'quick hits'). In order to improve the market on an ongoing basis, it may be prudent for the IESO to undertake studies of 'quick hits' concurrently with long-term studies.

Dependencies and Sequencing

There may be relationships between different market design change issues whereby a study of one issue should not be undertaken until another study is completed as the results of the completed study could address the former issue or significantly inform the scope of the study of the former issue. The relationship between issues may also be such that one issue is a subset of another larger issue. Therefore it may be prudent to defer one study of an issue or combine issues under one study.

PROCESS FOR ESTABLISHING PRIORITIES

1. The IESO Market Evolution Department is responsible for the prioritization process and outcomes.
2. The Market Evolution Department would complete the initial prioritization exercise by the end of 2008. Starting in 2009, the prioritization exercise would be conducted as part of the annual IESO business planning process, with quarterly reviews.
3. Market Evolution will maintain an up to date listing of all market design change issues.
4. For the initial prioritization and subsequent Business Planning cycles,
 - a. Market Evolution will, in consultation with other IESO staff, review and score its current listing of market change issues, including issues currently being studied, against the above criteria to determine the priority score for each issue. Market Evolution would also, in consultation with other IESO staff, identify IESO resource requirements for the studies.
 - b. Market Evolution will provide IESO senior management with the results of step (a) for review and confirmation.,
 - c. The list of market changes that would be studied over the business planning horizon would be subject to stakeholder review and feedback through the normal stakeholder review process of the IESO Business Plan and through the stakeholder forums directly affected by the prioritization e.g. Technical Panel, Market Pricing Working Group.
5. As new market change issues are identified or as other circumstances warrant, Market Evolution will determine priorities for new issues and review existing priorities.
6. On a quarterly basis, Market Evolution will review the current listing of market change issues and priorities, and make changes as required taking into account new issues or circumstances. Any changes to priorities will be reviewed/confirmed by IESO senior management and communicated to stakeholders.
7. If significant changes occur e.g. new market change issue or change in IESO resourcing, Market Evolution would undertake a thorough review and re-prioritization of all current issues in the same manner as would be undertaken during the Business Planning process.

CURRENT LISTING OF MARKET DESIGN CHANGE STUDIES

STUDIES ALREADY UNDERWAY

Market Evolution

1. Exploration of Enhancements to Dispatch Methodology (SE-61)
2. Energy Forward Market (SE-21)

Market Pricing Working Group Issues

1. Issue #7: Intertie transactions setting RT price (SE-18)
2. Issue #9: Peak vs. Average in PD Sequences (SE-54)
3. Issue #13: CAOR pricing and treatment (SE-72)
4. Issue #38: Treatment of Shared Activation of Reserve (SE-37)

Market Rules Issues

1. MR-00351: Segregated Mode of Operation Transaction Uplift Charges
2. MR-00350: Change to 18-month Outlook Frequency
3. MR-00347: Linked Wheel Uplift Charges
4. MR-00339: Temporary Power without RWM (SE-51)
5. MR-00338: Linked Wheel Economic Dispatch (SE-45)
6. MR-00329: Change Minimum AGC Requirement (SE-33)
7. MR-00297: Changes to Outage Management (SE-27)

Other

1. Embedded/Distributed generation (SE-57)
2. Transmission Rights Market (SE-68) – scoring not yet completed
3. Operating Reserve Policy (SE-57)

STUDIES NOT YET UNDERWAY OR ON HOLD

Market Evolution Issues

1. More Efficient Uniform Pricing

Market Pricing Working Group Issues

1. Issue #4: Ramp rate in RTU Sequence – on hold pending analysis of impact of change to 3x ramp rate
2. Issue #5: Simultaneous Use of Ramping for Energy and OR – on hold pending analysis of impact of change to 3x ramp rate
3. Issue #16: Analysis of Historical Nodal Prices – on hold. Part of More Efficient Uniform Price study
4. Issue #19: Penalty and Line Loss factors - - on hold. Part of More Efficient Uniform Price study

5. Issue #22: Pricing Physical Constraints - - on hold. Part of More Efficient Uniform Price study
6. Issue #23: Uncertainty in Constraints Payments – on hold. Part of More Efficient Uniform Price study
7. Issue #25: MIO in RTC but not in RTU – on hold. Part of More Efficient Uniform Price study
8. Issue #26: Integration of Market and Regulated Prices – on hold. Part of More Efficient Uniform Price study
9. Issue #27: Timing Difference between RTU and RTC Sequences – on hold. Part of More Efficient Uniform Price study
10. Issue #31: MIO Pricing Methodology – on hold. Part of More Efficient Uniform Price study
11. Issue #32: Role of IOG in Off-Peak hours
12. Issue #34: Breaker Status of Quick-Start Generators
13. Issue #39: Inter-market Trading of operating Reserve – on hold pending implementation of MISO operating reserve market.
14. Issue #40: LMP for intertie transactions - on hold. To be included as an option in More Efficient Uniform Price study.

Market Surveillance Panel Recommendations

1. SMO and IOG offset – subset of issue identified in MR-00351
2. Self-induced CMSC for generators
3. IOG offset for affiliates importing and exporting simultaneously
4. Treatment of Regional Reserve Sharing (RRS)
5. Review of Net Interchange Scheduling Limit (NISL)
6. Generator output reporting
7. Publication of masked bids


Market Rules Issues


1. MR-00348 and MR-00349: EDAC (SE-21) – on hold completion of EDAC design
2. MR-00329: Change Minimum AGC Requirement – on hold pending results of analysis of impact of ‘one-time-dispatches’ on controlling frequency
3. MR-00297: Changes to Outage Management – on hold pending specification of Facility Outage management System (FOMS)

Other

1. OPA Peaking Gas-fired Generation
2. Market Monitors Sharing Information
3. Environmental Tracking
4. Market Capacity Mechanism

Priority Scoring of Market Design Changes

		Scoring									
		"0" = no +ve impact "1" = minor +ve impact "2" = moderate +ve impact "3" = significant +ve impact				"0" = significant "1" = moderate "2" = minor		"0" = none "1" = limited "2" = moderate/mixed "3" = significant			
		Reliability	Market Efficiency	Sustainable Electricity Service	Sector Efficiency	Implementation Costs	Stakeholder Support				
Category	Market Design Change Study	30%	30%	20%	5%	5%	10%	Weighted Total	Active		
Other	Embedded/Distributed generation (SE-57)	3	2	3	1	0	3	2.45	Yes		
Market Evolution	Exploration of Enhancements to Dispatch Methodology (SE-61)	3	2	2	1	0	2	2.15	Yes		
Market Evolution	More efficient uniform pricing	1	3	1	1	0	2	1.65	No		
Other	Surplus Baseload Generation	2	1	1	0	1	2	1.35	No		
Other	Operating Reserve and Market Schedule Policy and Practices Review (SE-67)	0	2	1	0	1	2	1.05	Yes		
Market Pricing Working Group	MPWG Issue #13: CAOR pricing and treatment	1	1	0	0	2	2	0.90	Yes		
Market Pricing Working Group	MPWG Issue #9: Peak vs. Average in PD Sequences (SE-54)	0	2	0	0	2	2	0.90	Yes		
Market Rules	MR-00350: Change to 18-month Outlook Frequency	1	0	1	1	2	2	0.85	Yes		
MSP Recommendations	Publication of Masked Bids	0	1	0	1	2	3	0.75	No		

		Scoring							
		"0" = no +ve impact "1" = minor +ve impact "2" = moderate +ve impact "3" = significant +ve impact				"0" = significant "1" = moderate "2" = minor		"0" = none "1" = limited "2" = moderate/mixed "3" = significant	
MSP Recommendations	Generator Output Reporting	0	1	0	1	1	3	0.70	No
Market Rules	MR-00338: Linked Wheel Economic Dispatch (SE-45)	1	1	0	0	0	1	0.70	Yes
Market Rules	MR-00339: Temporary Power without RWM (SE-51)	0		1	1	2	3	0.65	Yes
Market Rules	MR-00347: Linked Wheel Uplift Charges	0	1	0	0	2	2	0.60	Yes
MSP Recommendations	MR-00252: Recovery of self-induced CMSC for generators	0	1	0	0	2	2	0.60	No
MSP Recommendations	Review of NISL	0	1	0	0	2	2	0.60	No
Market Pricing Working Group	MPWG Issue #38: Treatment of Shared Activation of Reserve (SE-37)	0	1	0	0	2	2	0.60	Yes
Market Pricing Working Group	MPWG Issue #7: Intertie Transactions Setting Real-Time Price	0	1	0	0	1	2	0.55	Yes
Market Rules	MR-00352: Settlement Aggregation	0	1	0	0	1	2	0.55	Yes
Market Evolution	Energy Forward Market	0	1	0	0	1	1	0.45	Yes
MSP Recommendations	Application of IOG Offset to Affiliates importing and exporting simultaneously	0	1	0	0	1	1	0.45	No
Market Rules	MR-00351: Segregated Mode of Operation Transaction Uplift Charges	0	0	0	1	1	1	0.20	Yes

Bruce Power Feedback

As our requested input for the IESO's 2009 priority setting exercise Bruce Power would like to highlight three issues to investigate in 2009.

The three issues are:

- Surplus Base load Generation
- More efficient uniform pricing
- Control Action Operating Reserve

Ontario Power Generation Feedback

OPG offers the following input for setting priorities for the Market Design / Market Pricing Working Group in 2009.

High Priority Topics:

- 1) Peak vs Average Forecast Demand in Predispatch. We support this recommendation and recommend an early implementation to achieve efficiency gains. (Issue#9, SE-54)
- 2) Interties Setting Price. Recommend IESO begin work in early 2009 to assess market inefficiency concerns of the existing practice to not allow intertie transactions to set real-time price compounded by the changes to the supply curve with off-coal program.
- 3) SE-61 Dispatch Issues: OPG continues to support at a high priority, efforts to reduce the erratic nature of dispatch - particularly for slower ramping Fossil units.
- 4) EDACP: Although this project is already well underway, OPG supports the adequate resourcing and discussion on this project in order to ensure the final design yields improved efficiencies and rationale real-time prices net of both the Enhanced Day Ahead Commitment Process and the to be modified real-time generator cost guarantee programs (currently referred to as SGOL).

Medium Priority:

- 5) Review of CAOR: The recent sudden removal of 400 MW of CAOR from Predispatch has created some new problems with large discrepancies between predispatch and real-time schedules. The change also may have had an impact on price with negligible information provided to participants in advance. The impact of this change should be assessed at high priority along with establishment of a plan going forward. The future work may be a medium priority depending on the impact on efficiency of the current CAOR program.
- 6) A More Efficient Uniform Price: We support this work in principle as it may free the IESO market design from the obstacles to a more efficient pricing design as was evident in the work on UDAM. This work will likely be a lengthy and complex and therefore we suggest that this topic be treated at a medium priority and be started after the EDACP detailed design has been completed.

- 7) Review of OR Unconstrained Schedules and Practices: (SE-67)
- 8) Surplus Baseload Management. Fuller discussion on use of wind curtailment to help manage SBG may become more important as wind generation increases in the next few months.
- 9) Economic Dispatch of Linked Wheels. Support implementation of this as long as design issues and funding can be worked out.
- 10) Transmission Rights Review (SE-68)

OPG would treat all of the remaining topics at a lower priority.

Sithe Global Feedback

Top priority:

Exploration of Enhancements to Dispatch Methodology (SE-61)

Next priority (for whoever wins the NYR contract)

OPA Peaking Gas-fired Generation

Other priority

Issue #13: CAOR pricing and treatment (SE-72)