

Stakeholder Engagement Plan SE-19

Forecast Methodology Changes to 18-Month Outlook



I. Introduction

Background

The challenges to maintain reliability of Ontario's bulk power system during the summer of 2005 have prompted changes to the calculation of supply adequacy. The IESO has adjusted its methods for projecting peak demand and hydroelectric capability to more accurately forecast expected circumstances, particularly over peak periods, allowing participants to better develop their operational plans.

Situation

On March 24, 2006, the IESO published an assessment of the reliability of the Ontario electricity system in its 18-Month Outlook report. This report highlights the changes in methodology for forecasting peak demands and hydroelectric capacity and quantifies the impact these changes have on the calculation of supply adequacy.

Key Issues

The combination of the new demand and hydroelectric capacity forecasts results in lower reserve above requirement (RAR) values compared to the reserve above requirement values based on the demand and hydroelectric capacity forecasting methods used in previous 18-Month Outlook reports. Reserve requirement is the estimated megawatts considered necessary to meet the forecasted demand and to provide spare supply needed to cover uncertainties. Amounts in excess of this requirement are called reserve above requirement or RAR.

Some participants have expressed concern that a change in methodology that results in lower reserve above requirement values will reduce the opportunities for planned outages. If generation facilities cannot be scheduled for planned outages, this could lead to higher levels of forced outages and adversely impact reliability. However, reserve above requirement values that provide a better representation of supply adequacy may reduce uncertainty around operation planning thereby improving reliability. For example, a more accurate forecast of resource adequacy may reduce the likelihood of planned outage cancellations.

In the most recent 18-Month Outlook and in previous Outlooks, the amount of required reserve is calculated on a week-by-week basis. In order to simplify and improve transparency of this calculation, the IESO is exploring, for use in future Outlooks, a required reserve amount based on a fixed percentage of peak demand.

II. Stakeholders

While this change in methodology is of interest to all stakeholders, generators would be most impacted.

III. Stakeholder Engagement Goals and Objectives

Goal

To educate stakeholders on the changes made in the 18-month outlook and to solicit feedback on the impact of those changes to stakeholders.

IV. Stakeholder Engagement Approach and Methods

The stakeholder approach will be to present the information at the Forecasts and Assessments Standing Committee meeting with a request for written feedback on the different methodologies applied.

This is a public consultation and information supplied will be posted on the IESO website including identification of the participant.

V. Decision Making Steps and Schedule of Activities

Stakeholder Engagement Schedule	
Activity	Target Date
1. Issue 18-Month Outlook demonstrating both methodologies.	March 24
2. Post stakeholder plan.	April 7
3. Open stakeholder session at Forecast & Assessment Standing Committee Meeting. Session will provide stakeholders with rationale for change and will invite stakeholder feedback via e-mail.	April 20
4. Deadline for feedback from stakeholders.	May 4
5. Posting IESO response to stakeholder input	May 18
6. Potential IESO Market Manual change process.	To be determined

Process Evaluation

Stakeholders will be provided with the opportunity to provide feedback on the effectiveness of the process in achieving the stated goal following this stakeholder session.