

Revised March 18, 2010: Revisions to Section IX: Calendar of Events

I. Summary

The future will see new resources with different characteristics from the existing resources in Ontario and the IESO needs to ensure that the market maintains sufficient drivers to guarantee reliable and efficient load-following and dispatch capability.

The IESO would also like to improve the reliability and capability of the current resources by examining existing dispatch issues. Dispatchable facilities have raised concerns about excess dispatch volatility (e.g. number dispatch instructions and dispatch reversals) and the ability to manage plant operational requirements. Some generators are concerned that this excessive volatility of dispatch reduces the operating efficiencies of their units.

The dispatch issue has also been discussed by the Market Surveillance Panel (MSP) in several of their bi-annual reports, which can be found at <http://www.oeb.gov.on.ca/OEB/Industry+Relations/Market+Surveillance+Panel/Market+Surveillance+Panel+Reports>.

The IESO has held one-on-one discussions with Ontario generators to identify and understand the generator specific dispatch issues. As a result of those discussions and further definition of IESO concerns regarding future resources, the IESO has initiated the following two initiatives:

1. In the short-term, the IESO will work with participants to address specific issues to the extent practicable within the existing market framework.
2. ¹Over the longer-term, the IESO will study possible market design changes to address the identified issues. The IESO will describe the longer-term issues, clearly defining the problems, and prioritize possible market design changes to be studied. We will seek stakeholder support in defining these issues.

¹ The IESO has cancelled the outstanding RFQ for the DSO and other electricity markets review, considering a high level study was unlikely to yield substantial value given the significant disparities in scheduling and settlement between Ontario and other markets. This assessment was supported by the breadth of work plan proposals submitted in response to the RFQ. Additionally, stakeholder feedback and IESO experience is believed to be better able to identify and solve DSO dispatch issues than an additional third party review.

II. Introduction

The OPA's Integrated Power Supply Plan (IPSP) describes how the mix of resources available to meet or reduce Ontario's electricity demand will be changing in the coming years. Since the release of the IPSP, the introduction of the Green Energy Act has added an element of uncertainty to the planned resource mix. While the precise mix may be uncertain, there will undoubtedly be new resources with different characteristics from the existing resources in Ontario today. The IESO needs to ensure that the market maintains sufficient drivers to guarantee reliable and efficient load-following capability² in the future supply mix.

The IESO would also like to improve the reliability and capability of the current resources by examining existing dispatch issues. In particular, excess dispatch volatility (e.g. number dispatch instructions and dispatch reversals) and the ability to manage plant operational requirements has been a difficulty for dispatchable facilities for several years. It has been raised by some generators, who are concerned that this excessive volatility of dispatch reduces the operating efficiencies of their units and also increases maintenance costs for these facilities.

The dispatch issue has also been discussed by the Market Surveillance Panel (MSP) in several of their bi-annual reports, which can be found at <http://www.oeb.gov.on.ca/OEB/Industry+Relations/Market+Surveillance+Panel/Market+Surveillance+Panel+Reports>.

III. Background

Expected changes to Ontario's resource mix such as reductions (and eventual elimination) in flexible coal-fired generation, and increases in less flexible natural gas, nuclear and renewable generation require the IESO to review market mechanisms to ensure that sufficient flexibility is maintained in order to balance the short-term³ variations in the demand and supply of electricity.

Over the past few years the IESO has taken several actions to reduce the effect of dispatch volatility on dispatchable facilities. In 2005, the IESO led a stakeholder engagement initiative to identify measures that could be implemented by June 2006 to address dispatch issues. More details on this, including the implemented recommendations can be found at: http://www.ieso.ca/imoweb/consult/consult_dispatch-issues.asp.

IV. Stakeholders

Dispatch methods directly impact all current and future dispatchable facilities in Ontario. These market participants are very interested in resolving dispatch issues to improve their plant operations.

² Load following capability refers to the aggregate ramp depth available from dispatchable resources to shadow demand variations.

³ Short-term variations are variations within an hour that may be caused by changes to inter-tie schedules, generation offer changes, output changes from non-dispatchable generators, and consumption changes.

V. Stakeholder Engagement Goals and Objectives

Goal

The IESO will be consulting and working with stakeholders on both current and future dispatch issues, and with their assistance to gather background information on relevant experience in other markets and identification of possible solutions. This will help the IESO determine the most effective ways of addressing those issues.

Objectives

To provide stakeholders the opportunity to identify dispatch issues and evaluate solutions.

VI. Scope

Issues considered in scope include longer term load following concerns related to a changing resource mix, as well as, ongoing generator specific dispatch concerns. Often cited solutions to dispatch concerns that are considered in scope include:

- Reduce forecast errors via Load Predictor
- 15-minute offers and 15-minute dispatch (domestic and intertie resources)
- Changes to AGC requirements and procurement

Any other issues that are already addressed in another stakeholder engagement plan, i.e. dispatch priority during periods of low demand, are considered out of scope. See http://www.ieso.ca/imoweb/consult/active_consultations.asp

VII. Stakeholder Engagement Approach and Methods

The IESO will engage directly with stakeholders in order to listen, learn and seek input. In doing so, stakeholders will be able to discuss confidential details on dispatch issues. A summary of the consolidated findings from these meetings will be posted. The implementation of changes from the initiative will occur in two phases.

1. In the short-term, the IESO will work with participants to address specific issues within the existing market framework.
2. Over the longer-term, the IESO will study possible market design changes to address the identified issues. The IESO will describe the longer-term issues, clearly defining the problems, and prioritize possible market design changes to be studied. We will seek stakeholder support in defining these issues.

This stakeholder engagement plan may be subject to review and update as the process evolves and stakeholder comments are incorporated, and as revisions are warranted.

VIII. IESO Sponsor

Name	Title	Department	Phone Number	E-mail
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IX. Decision Making Steps and Schedule of Activities

Stakeholder Engagement Schedule		
Activity	Expected Actions	Target Date for Completion
1. Publish stakeholder engagement plan for feedback from stakeholders.	Stakeholders to provide written feedback	Completed March 20, 2008
2. Deadline for written input from stakeholders.	IESO to post feedback from stakeholders	Completed April 10, 2008
3. Posting of revised stakeholder engagement plan incorporating feedback from stakeholders. No changes were made to plan	IESO to publish revised stakeholder engagement plan	Completed. April 18, 2008
4. IESO's will engage directly with stakeholders in order to listen, learn and receive input and with their assistance, gather information on relevant experience in other markets. In doing so, stakeholders will be able to discuss confidential details on dispatch issues.	Dialogue - one-on-one stakeholder input	Completed June to September 2008
5. Presentation to Stakeholder Advisory Committee members to initiate discussion	Dialogue - stakeholder input	Completed June 4, 2008
6. Presentation to Stakeholder Advisory Committee members on the summary of the consolidated findings from these individual meetings with stakeholder	Seeking feedback on findings and next steps	Completed October 30, 2008
7. IESO to work with stakeholders on addressing specific dispatch issues within the existing market framework.		Ongoing
8. IESO to publish a paper describing the consolidated findings from meetings with stakeholders. The paper will include a description of initiatives the IESO will pursue to address existing generator dispatch concerns.	Dialogue - stakeholder input	Q3 2009
9. —		
10. IESO to publish a paper describing the longer term issues and scope of studies to address those issues.	Stakeholders to provide written feedback.	Q4 2009
11. Revisions to stakeholder engagement plan for implementation of possible solutions including market rule amendments, tool changes, etc	IESO to publish revised stakeholder engagement plan	Q4 2009

Stakeholder Engagement Schedule		
Activity	Expected Actions	Target Date for Completion
12. Revision to Stakeholder Engagement Plan	Stakeholders to review and comment on changes	November 20, 2008
13. IESO Issues Request for Quotations for DSO Review	RFQ sent to selected parties for consideration	February 5, 2009
14. Revision to Stakeholder Engagement Plan	Stakeholders to review and comment on changes	February 9, 2009
15. Comments due on SE-79 (More Efficient Uniform Price Study)		March 6, 2009
16. Revision to Stakeholder Engagement Plan	Stakeholders to review and comment on changes	July 27, 2009
17. Paper posted describing the consolidated findings from meetings with stakeholders and identified problems.	Dialogue – stakeholder input	September 24, 2009
18. IESO to publish paper describing the longer-term issues and scope of studies to address those issues.	Stakeholders to provide written feedback.	Q1 2010
19. IESO to revisit status of engagement.		Q2, 2011