

Interties and the Ontario Market Clearing Price

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Intertie Setting Price

- Addressing Interties is a complicated issue:
 - Many details are yet to be investigated
 - Only successful bids/offers in pre-dispatch available in real time?
 - All offers in pre-dispatch available in real time?
 - Impact on prices and uplifts
 - Elimination of IOG?
 - Constrained on/off payments for out of merit transactions
 - Price impacts and resulting arbitrage opportunities need to be investigated
 - Does this lead to us having to explore the role of other non-incremental resources in price calculation?
 - Ramp constrained generation
 - Constrained off generators with open breakers
 - Where do you draw the line?

Intertie Setting Price

- Related implementation issues
 - Solution development time
 - Inconsistent with neighbouring markets
 - None of our neighbouring jurisdictions allow non-dispatchable resources to set the real time domestic price
 - Adds to the already large list of differences between Ontario and neighbouring markets

Intertie Setting Price

- Interties setting price should be addressed in the context of DAM and real time market design
 - Complicated re-engineering of real time market when we are about to embark on DAM discussions
 - Coordination of real time and day ahead markets will force us to revisit this issue, even if a change is made now
- Review use of peak vs. average demand forecast
 - A change could accomplish some of the efficiency goals of intertie transactions setting price

Peak vs. Average Pre-Dispatch Demand Forecast

- Use Average in Unconstrained and average in Constrained schedule when appropriate
 - Will need to determine a reliability criteria for when it is acceptable to use average in constrained schedule
 - Define a certain set of hours where peak will be used
 - Perform a day-ahead reliability assessment which will dictate peak or average in constrained
 - Perform an hour by hour reliability assessment
 - Other possibilities?
 - Using average in both schedules would:
 - Raise real time energy price
 - lower CMSC and IOG

Peak vs. Average Pre-Dispatch Demand Forecast

- Use Average in Unconstrained and Peak in Constrained Schedule
 - Would not effect the physical scheduling of intertie transactions
 - No direct impact on reliability
 - Would lower the pre-dispatch Unconstrained price and raise the real time MCP
 - Increase in energy price
 - Decrease in IOG
 - Uncertain net impact on CMSC
 - Potentially creates other inefficiencies due to increased separation between constrained and unconstrained schedules