

Marketing Pricing Work Group

Additional Compensation Under Administrative Pricing
February 02, 2005



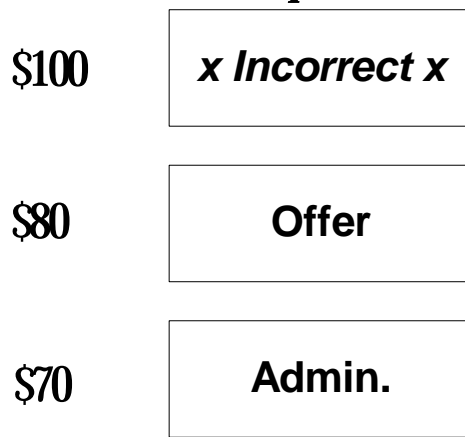
- **A Discussion paper has been produced for consideration by the MPWG. The paper poses 3 questions:**
 - i. What are the circumstances in which dispatchable loads should and should not be eligible for additional compensation under administrative pricing?**
 - ii. Who should pay the costs of any additional compensation that may be provided to loads?**
 - iii. Should non-dispatchable entities be eligible for additional compensation?**
- **To aid the MPWG in developing related recommendations, the paper offers “strawman” options to each of the above questions.**
- **Today’s purpose is to solicit MPWG views on the questions and issues raised in the discussion paper.**

- **Additional Compensation during an Administrative Price Event exceeding 48 Intervals: Current Treatment of Dispatchable Generators (see p. 5 of discussion paper).**

Fig 1(a)

Admin Price < Incorrect Price

Followed IESO Dispatch Instruction to Generate

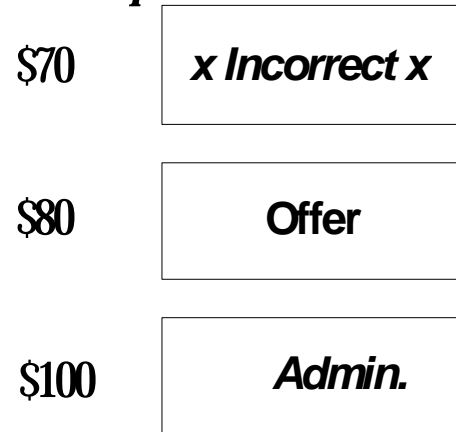


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Eligible for additional compensation

Fig 1(b)

Admin Price > Incorrect Price

No Dispatch Instruction and Did not Generate



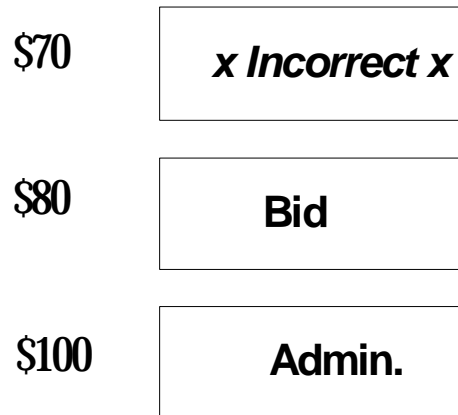
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Ineligible for additional compensation for opportunity cost

- **Strawman Option # 1 (a) & (b): Dispatchable Load Eligibility for Additional Compensation during an Administrative Price Event exceeding 48 Intervals (see p. 7 of discussion paper).**

Fig. 2(a)

Admin Price > Incorrect Price

Followed IESO Dispatch Instruction to Consume

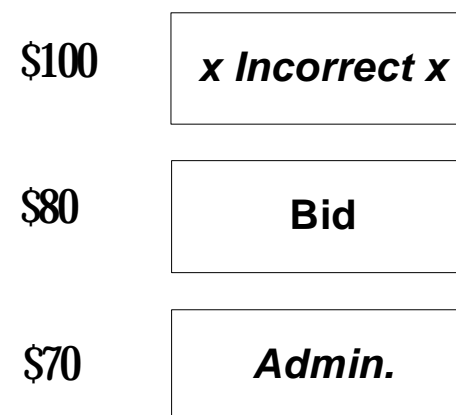


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Strawman: Eligible for additional compensation based on difference between Bid and Administered Price

Fig. 2(b)

Admin Price < Incorrect Price

No Dispatch Instruction and Did not Consume



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Ineligible for additional compensation for opportunity cost

- **Question 1: “Dispatchable Loads Eligible”?**
 - Strawman Option 1-1: Yes, under certain circumstances
 - Strawman Option 1-2: Status Quo
- **Question 2: “Who Pays”?**
 - Strawman Option 2-1: Loads
 - Strawman Option 2-2: Generators
 - Strawman Option 2-3: Loads and Generators
- **Question 3: “Non-Dispatchable Loads Eligible”?**
 - Strawman Option 3-1: No compensation available
 - Strawman Option 3-2: Yes, under certain circumstances