



Power to Ontario. On Demand.

IESO SENIOR MANAGEMENT UPDATE

To: Stakeholder Advisory Committee

Date: March 31, 2010

Subject: **MSP Recommendation**

Information Item

MSP Responses

In this report only three recommendations were directed to the IESO. Attached are the responses for these recommendations.

Recommendation 3 -2:

The Panel recommends that the IESO and Hydro One work with their counterparts in Michigan and New York to bring the Phase Angle Regulators (PARs) into service as soon as possible. The Panel encourages the IESO and Hydro One to pursue available channels, including intra-regional discussions, to address any potential future delays resulting from issues raised by the owner of the Michigan PAR in order that Ontario and its neighbouring markets obtain the benefits available from operation of this equipment.

Response:

The IESO agrees with this recommendation and continues working towards making the Phase Angle Regulators operational.

Recommendation 3 -4:

The Panel recommends that, for the purposes of calculating Congestion Management Settlement Credit (CMSC) payments, the IESO should revise its constrained on payment calculation using a replacement bid (such as \$0/MWh) when market participants (both exporters and dispatchable loads) bid at a negative price. This would create more consistent treatment with generators and importers that are constrained off.

Response:

The IESO agrees with this recommendation and intends to pursue a market rule amendment to limit constrained on CMSC payments to exporters and dispatchable loads based on a \$0 replacement bid price. Although this proposal is consistent with the existing limit on constrained off CMSC payments to generators and importers, the IESO will need to consider whether a \$0 replacement bid price creates any unintended consequences that could undermine market efficiency or reliability.

Recommendation 3 -5:

- (i) The Panel recommends that the IESO provide market participants with specific parameters for determining operating plant characteristics, including Minimum Loading Point (MLP), Minimum Run-Time (MRT) and Minimum Generation Block Run-Time (MGBRT) in order to ensure that submitted operating characteristics, which affect market outcomes, reflect actual operating capabilities.**
- (ii) The Panel recommends that the IESO develop a compliance or other review mechanism for ensuring that submitted operating characteristics are appropriate having regard to the parameters specified and equipment capabilities.**

Response:

The IESO is already in conversation with the OPA on this topic. The IESO plans to initiate a review, with the OPA's assistance, to investigate further generating plants' capabilities and establish requirements which ground the facilities' associated technical characteristics. Progress on this initiative is dependent on the outcome of business planning resourcing discussions. Following the completion of this project, a compliance and review mechanism may be developed as recommended by MSP in (ii).