

Curtailing Linked Wheel-Through Transactions

Stakeholder Advisory Committee Meeting
August 17, 2016

Purpose

- Provide information and background on need and rationale for curtailing linked wheel-through transactions for reliability
- Acknowledge and consider stakeholder feedback on implementation process
- Next steps

Definition - Linked Wheel-Through Transactions

A linked wheel transaction occurs when a market participant simultaneously imports electricity into Ontario and exports the same quantity out of Ontario (i.e. the market participant moves energy from one neighbouring jurisdiction, through the Ontario grid and into another neighbouring jurisdiction) and indicates to the IESO thru their submitted bid data that the two transactions are linked

Initiating Linked Wheel-Through Curtailments for Reliability

- Under the Market Rules, IESO has authority to take actions to the extent necessary to maintain reliability – e.g. control actions to balance supply and demand during shortfall conditions
- Nuclear shutdowns pose potential risk to reliability
 - Stress in Control Rooms from managing a nuclear shutdown safely – particularly for short notice shutdowns
 - Removal of large assets from service without proper operational assessments – particularly since nuclear units are unavailable for days after shutdown
- Linked wheels can cause short notice nuclear unit shutdowns
 - Linked wheel offers/bids can be submitted up to 2 hours before a dispatch hour
 - Linked wheels may consume inertia capacity that could be used for other economic exports that could act as a sink for nuclear generation

Utilizing an expedited process for changes to market manuals

Urgent action needed:

- Anticipated increased frequency of events in spring 2016
- Linked wheel transactions trending upward
- Linked wheel transactions may limit the IESO's ability to manage the grid reliably during surplus conditions
- Linked wheel-through curtailments initiated only if:
 - Nuclear shutdown is imminent, AND
 - Linked wheels are contributing to congestion
- IESO exercised Interim Market Document Change (IMDC) process to provide an open and transparent mechanism to inform and engage stakeholders and provide an opportunity for input on time-sensitive market manual changes

IESO's Consideration of Stakeholder Feedback

- Feedback through this IMDC engagement process indicated:
 - Expectations of engagement unclear:
 - Urgency for change not clarified
 - IMDC feedback process unknown
 - Feedback was not made public demonstrating a lack of transparency in the process
- IESO appreciates feedback and has reviewed the use of the IMDC process in this instance, with the following outcomes:
 - Changes to the Market Manual adhered to the IMDC process
 - IMDC process is an IESO engagement process and as such should adhere to the IESO's Engagement Principles

Next Steps

- IESO will review and update IMDC process to better align with IESO Engagement Principles
- Potential areas to address include:
 - Establish clear criteria for when IMDC is used
 - Set expectations and scope of engagement
 - Publish input received
 - Publish IESO response to how input was taken into account in the decision