

# IESO Technical Panel Meeting

## Minutes of Meeting

<b>Date held:</b> August 15, 2017	<b>Time held:</b> 9:00 am	<b>Location held:</b> IESO Office, Toronto
<b>Invited/Attended</b>	<b>Sector Representation</b>	<b>Attended; Regrets; Teleconference</b>
Robert Bieler	Consumer	Attended
Ron Collins	Energy Related Businesses and Services	Attended
David Dent	Natural Gas	Attended
Barbara Ellard	IESO	Attended
Sarah Griffiths	Other Market Participant	Attended
Brian Kelly	Generator	Attended
Robert Lake	Residential Consumer	Attended
Martin Longlade	Industrial Consumer	Teleconference
Joe Saunders	Distributor	Attended
Bill Wilbur	Generator	Attended
Julien Wu	Generator	Attended
Bing Young	Transmitter	Regrets
Chuck Farmer	Chair	Attended
<b>Observers / Presenters</b>		
Jo Chung	IESO	Attended
Dustin Dmytrow	IESO	Attended
Josh Duru	IESO	Attended
Peter Gregg	IESO	Attended
Silviu Motoc	IESO	Attended
Agatha Pyrka	IESO	Attended
Rebecca Short	IESO	Attended
Julia McNally	IESO	Attended
Judith Chan	Ontario Power Generation	Attended
Mark Tinkler	Customized Energy	Teleconference
Frederic Belanger	HQ Energy Marketing Inc.	Teleconference
<b>Secretariat</b>		
John Rattray	IESO	Attended
Susan Harrison	IESO	Attended
Prepared by: Mitchell Beer / Smarter Shift Inc.		

## **Agenda Item 1: Introduction of Peter Gregg, President and CEO**

The Chair welcomed IESO President and CEO Peter Gregg, who thanked Panel members for their commitment, contributions and valued advice. In discussion with Panel members, Mr. Gregg stressed the importance of stakeholder engagement to the organization and in his view of his own role.

## **Item 2: Administration**

### Chair's Remarks:

The Chair acknowledged the discussion from the previous meeting and will develop the best approach to provide the Technical Panel with education on the Market Renewal process. In the meantime, plenty of self-study materials are available online. There is still considerable time available before elements of the process are before the Panel for deliberation. Mr. Lake suggested it would be useful to receive a briefing on distributed generation and microgrids, and some other Panel members agreed. The Chair took this into consideration.

The Secretariat is working on a schedule of Technical Panel meetings for 2018. A set of proposed dates will be circulated to members in the next couple of weeks.

The Chair invited comments on the minutes of the Panel's June 27 meeting. On page 3, paragraph 2, Mr. Dent noted that the question about when the Panel could expect to receive draft rules had come from him, not the Chair. The minutes were approved as amended.

Panel members approved the meeting agenda, with Mr. Wilbur asking whether there was an update on any issues emerging on the Real-Time Generation Cost Guarantee Program - Cost Recovery Framework implementation. The Chair said he wasn't aware of any issues, but undertook to report back at the next meeting. Susan Harrison, IESO, said a webinar that was held a couple of weeks previously had focused on settlements implementation under the RT-GCG program.

Mr. Kelly asked whether a succession plan was in place for individual Panel members. Ms. Harrison said the Secretariat would be publishing a call for nominations for two upcoming positions, likely in late August or early September.

## **Agenda Item 3: Stakeholder Engagement Update**

Susan Harrison, IESO, invited questions on the Monthly Engagement Update provided in the meeting materials. She also noted that the next Stakeholder Advisory Committee (SAC) meeting was scheduled for August 23 and invited Panel members to attend the meeting.

Ms. Harrison provided an overview of the items on the SAC agenda, including a series of business updates on Conservation, the Smart Metering Entity (SME), the Revenue Requirement Submission for the 2017-2019 Business Plan, the 2018-2020 draft Business Plan, the Long-Term Energy Plan, and the IESO's upcoming Regional Electricity Forums in Thunder Bay, Sudbury, Ottawa, London, and Vaughan. She said the SAC meeting materials would provide details on recent directives on province-wide programs under the conservation plan, and on the Data Strategy Advisory Council that has formed to help build out an implementation plan for third-party access to the MDM/R data.

Barbara Ellard, along with the Market Renewal Working Group Co-Chairs, will be briefing the SAC on the market renewal program. The SAC will also hear a presentation on the mid-term review of the Conservation First Framework and provide input to a review being conducted this fall by consultants at Navigant. Finally, the SAC will hear a guest presentation by Michael Cleland, now a senior fellow at the University of Ottawa, describing his cross-country stakeholder work through the Positive Energy Project.

Barbara Ellard, IESO, recapped the three-phase approach behind the Market Renewal process, in which each engagement begins with fundamentals before proceeding to options for stakeholder feedback, then decision-making. Engagements on the incremental capacity auction and a single schedule market are moving into the options phase, and the Working Group is looking for stakeholders to provide guidance and input.

Beyond its role in fostering engagement with the Market Renewal process, Ms. Ellard said the Working Group has a mandate to address overarching strategic issues that will have an impact on individual projects. The Working Group is also charged with working through any contentious issues or challenging feedback it receives through its engagement processes. At its August 14 meeting, the Working Group specifically raised the issue of how it will engage with the Technical Panel.

The Working Group also considered three requests the IESO had recently received from a consortium of renewable and clean energy generators: that the objectives and principles for the Market Renewal process be amended to explicitly include climate change; that the Working Group form a subcommittee to address issues related to Market Renewal and non-emitting resources; and a spot for the consortium's consultant on the Working Group. The MRWG decided against amending its objectives and principles to favour one provincial policy objective over all others; the WG agreed to the recommendation on the sub-committee, and deferred the question of a Working Group membership to a larger discussion of a fair, robust, open process for replacing, adding, or removing members.

Stakeholder engagements on capacity exports and enabling system flexibility took place August 1. On capacity exports, Ms. Ellard said the Working Group is preparing for further work on enhancing exports to other jurisdictions, with Quebec as the next opportunity and MISO being a longer-term focus. Draft rules in this area will likely be brought forward early

next year. On system flexibility, the IESO is awaiting stakeholder feedback on an option for leveraging operating reserve to bring on flexible resources when there is a need.

Ms. Ellard acknowledged the time and effort stakeholders are dedicating to Market Renewal and noted that this fall will even be busier with two more engagements starting.

As presented at the previous TP meeting, the Demand Response (DR) Working Group developed a position on an enhancement that would enable the system to activate demand response resources more frequently. A data issue that emerged from the initial analysis has resulted in the IESO deciding to not proceed with the approach that was identified previously. The IESO will continue to engage with the DRWG to examine other options for the subsequent auction. There will be no changes to the market rules at this time.

Mr. Dent asked whether the Working Group had set criteria to distinguish higher- and lesser-quality feedback from stakeholders. Ms. Ellard said the Working Group process is guided by the core principles of efficiency, competition, implementability, certainty, and transparency, and will seek to understand incoming feedback through that lens. The process recognizes that the most pragmatic options may not always be the ones that maximize system efficiency, so there may be tension between the two criteria.

Mr. Wu asked when the proposed rules for enhancing exports would be forthcoming. Ms. Ellard said the Working Group had been working to produce the draft by the end of this year, but the process may be extended with the addition of Quebec and potentially MISO as new markets. Mr. Wu asked whether that meant no exports to Quebec would be approved this year. Ms. Ellard replied that the Working Group's focus is more on broader, process-related market rules. While that work unfolds, the IESO hopes to be in a position to enable resources to export to Quebec if an opportunity emerged this fall.

Mr. Longlade said he'd had difficulties finding an engagement update and background on the Interim Market Document Change sub-process on the IESO website. Ms. Harrison said this initiative has moved to the Completed Consultation section of the website and that she would forward the updated link.

<b>Agenda Item 4: Mandatory Requirements for Regulation Service Providers (MR-00432)</b>	
Presenters	Rebecca Short, Silviu Motoc
Action	Vote to post for stakeholder comment for a period of two weeks, ending on August 31, 2017. The target for IESO Board consideration of the amendment proposal is October 25, 2017.

Rebecca Short, IESO noted that at the Technical Panel’s June 27 meeting, the Technical Panel considered that this proposed rule amendment which clarifies that all regulation service providers would be subject to the same technical requirements, regardless of size or connection location warranted consideration by the Panel. She introduced a draft set of redlined market rules, including amendments to clarify the same issue in the telemetering section and requested the Panel to recommend a vote to post the rules for stakeholder comment.

Mr. Collins identified a small typographical error in section 1.1.5 of the redlined draft. Ms. Short agreed to correct it.

There were no questions from Panel members or observers.

The Technical Panel voted unanimously in favour to post the draft rule for stakeholder comment, with Mr. Young voting by proxy.

<b>Agenda Item 5: Market Rules True-Up— Disconnection Orders (MR-00431)</b>	
Presenters	Josh Duru, Dustin Dmytrow
Action	Vote to post for stakeholder comment for a period of two weeks, ending on August 31, 2017. The target for IESO Board consideration of the amendment is October 25, 2017.

Josh Duru, IESO recalled discussion at the Technical Panel’s June 27 meeting, in which members determined it would be premature to post the draft rule for stakeholder comment in light of questions and comments they had raised. Mr. Duru noted that the presentation and revised materials provide details on the disconnection order process, specify the types of facilities that may be sent a disconnection order, and specify instances in which the IESO may issue disconnection orders via voice communication.

Dustin Dmytrow, IESO, traced the IESO’s discussion of disconnection orders back to 2007, when the financial insolvencies of two market participants revealed gaps in the rules related to suspension, termination, and disconnection for events of default. One of the gaps addressed as a result had to do with the inability to issue disconnect orders to facilities embedded within or behind a host or “other market participant.” But while the revision clarified the IESO’s authority, it did not include an obligation for participants to comply with such disconnection orders.

This proposed rule amendment is intended to address that gap. Mr. Dmytrow noted that the host or “other market participant” bucket pertained to nine current market participants—three load facilities connected within a directly connected load facility, three load facilities connected

within a directly connected generator facility, and three generator facilities connected within a directly connected generator facility.

Mr. Saunders asked whether a distributor would be responsible for making up the lost capacity if a load facility within its system received a disconnection order. Mr. Dmytrow reviewed the conditions under which a disconnection order might be issued, emphasizing that the process would take months, not days or weeks, and all affected parties as well as the Ontario Energy Board would receive plenty of notice of the potential action.

Mr. Longlade asked whether a host market participant would have control over the devices that put the physical disconnection with the embedded load or generator into effect. Mr. Dmytrow said it should.

Mr. Bieler asked whether it would be the host market participant's responsibility to receive and take action on a disconnect order for an embedded load. Mr. Dmytrow noted that when market participants choose to remove their facilities from the IESO market, the process is to issue notices to the customer, the transmitter, and the host market participant, with the host participant taking responsibility for opening the physical switch and tagging it out to implement the order. There has not been an instance yet where the IESO issued a disconnection order due to events of default or persistent breaches of the rules.

Mr. Longlade asked whether an Ontario court of law could require that a given level of supply to a specific market participant be maintained, specifically in case of a bankruptcy proceeding. Mr. Dmytrow said a market participant would not have to comply with an order that risked safety, equipment, or the environment, or violated any applicable law. John Rattray, IESO, said the IESO has been actively involved in a number of past insolvency proceedings, in which either the parties or the trustees in bankruptcy were required to continue making payments to satisfy the continued consumption of electricity. Typically, the real issue is exposure to the market of pre-filing charges, for which the IESO has prudential support to mitigate this risk. For continuing consumption, notwithstanding the authority of the court, the operating principle has been that suppliers have a right to be paid, and the IESO has engaged with market participants to uphold that right.

Mr. Dmytrow clarified that any voice communication under Chapter 3 would mostly likely occur between control rooms.

Mr. Lake asked whether there had been any consideration of the costs a distributor would incur as a result of a disconnection order to an embedded facility. If the process involved isolating a connection, opening the breaker, then coming back to restore the system, he said the cost could be in the \$5,000 to \$10,000 range. Mr. Saunders added that some disconnections become problematic if a host market participant can't get access to the equipment—particularly because taking down an entire local area would run afoul of OEB reliability requirements.

Mr. Dmytrow acknowledged the concern.



Mr. Bieler asked whether the IESO could be sure the nine affected entities were aware of the discussion and able to respond. Ms. Harrison said the entities will be notified of the proposed changes individually.

Mr. Collins said the slight disconnect between the market rules and the OEB's rules for LDCs could lead to significant costs, or make it impossible for an LDC to comply with a disconnection order due to system configuration or other issues. He asked what action the IESO could take to ensure direct dialogue with affected LDCs, without holding up the rulemaking process, adding that the IESO should be prepared to protect LDCs that are subject to legal action from other entities as a result of following IESO orders. Mr. Dmytrow acknowledged the concern.

Mr. Collins said a market participant could experience a loss in profitability as a result of following an IESO disconnection order, adding that LDCs don't want to find themselves in court against entities that are in dire straits and prepared to sue anyone and everyone. The IESO indicated that kind of process usually leads to a creditor protection arrangement, in which the insolvent entity continues to pay its power bill. Mr. Collins said sensitivities and complexities can emerge from the interaction with end use customers at that level, and it would be unfortunate if addressing the issue on the IESO's behalf had the effect of redirecting it to LDCs.

Mr. Lake cited an end user for which a 10- to 15-minute interruption would translate into a few hours of lost production, at significant expense. Mr. Dmytrow said there would be ample notice of any disconnect order, and of any resulting outage.

Mr. Longlade asked whether that participant's impact assessment would lead to a requirement that it install a load break disconnect as part of its connection agreement. Mr. Dmytrow said the large majority of embedded customers don't want to be full market participants, so they aren't subject to system impact assessments and would not be required to install a breaker or a gang-operated switch. Mr. Saunders said such a switch would be owned by the customer, therefore outside the LDC's control and not necessarily accessible in the event of a disconnection order.

There were no questions from observers.

The Technical Panel voted unanimously to post the draft rule for stakeholder comment, with Mr. Young voting by proxy.

## Agenda Item 6: Other Business

There being no other business, the meeting adjourned at 10:23 AM. The Technical Panel's next meeting is scheduled for September 26.

Action Item Summary			
Date	Action	Status	Comments
August 15, 2017	IESO to report back on any issues that may have arose from the Real-Time Generation Cost Guarantee Program - Cost Recovery Framework implementation	Open	<a href="#">Q&amp;A document</a> posted on the RT-GCG engagement webpage
June 27, 2017	IESO to discuss plans for briefing sessions related to expected market rule changes under Market Renewal Program	Open	IESO to provide more detailed updates on the MRP at regular TP meetings as an interim measure – action item to remain open for the future development of more detailed briefing sessions
Dec. 1, 2015	The IESO will provide an update to the Panel regarding the potential timelines and impacts of changing the reference to the OPA within Chapter 1 of the General Conduct Rule.	Open	