

Long-Term Solution to Address Counter-Intuitive Pricing – IESO Staff Recommendation

Market Pricing Working Group
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- 1. Admin Price to specific level (fixed, floor or ceiling) for each ECA used.**
- 2. Add supply offers to represent ECAs when ECAs are used. This is in addition to the short-term solution.**
- 3. No change – short-term solution is sufficient.**
- 4. Combine 1 and 2, but only admin price for “severe” emergencies.**
- 5. Combine 1 and 3. Same as 4, but no supply offers for ECAs.**

- **#3 - Offset any demand reduction caused by certain emergency control actions by adding an equivalent amount of demand to the market schedule in real-time (the short-term solution).**
 - This solution is consistent with the unconstrained pricing model
 - The issue of local area emergencies led staff to avoid a solution that involves administered prices (1, 4, 5)
 - Addition of supply offers to represent ECAs (2) can result in counter-intuitive prices, since this adds supply to the market.