

Operating Reserve Initiatives

Market Pricing Working Group

1 Mar 07



- Background and Context
- Identify Six Operating Reserve (OR) Initiatives
- Present IESO proposals to investigate and address
 - Main stakeholder consultation forum(s)
 - Timing of activities
- Solicit MPWG feedback and advice on the proposals

- Number of operating reserve initiatives recently identified:
 - Changes to NPCC operating reserve criteria expected in spring 2007
 - December 2006 Market Surveillance Panel report
- Long outstanding IESO commitment – exploring the exporting of operating reserve
- IESO sees linkages in some initiatives and need to manage in a co-ordinated manner

- NPCC currently allows:
 - Balancing areas to rely on 100 MW of operating reserve from participating jurisdictions
 - Balancing areas to reduce 10-minute non-synchronized OR requirement by 50 MW
- Market Rules allow IESO to reduce 10-minute non-synchronized OR requirement by up to 100 MW (MR-00299)
 - TP identified concerns with going from 50 MW to 100 MW; requested IESO to consult on moving from 50 to 100
- NPCC expected to approve criteria change that would allow balancing areas to reduce 10-minute OR requirement by 100 MW including synchronized OR (spring 2007)

- NPCC criteria currently only allows generation facilities to provide 10-minute synchronized operating reserve
- Market rules (section 4.5.12 of Chapter 5) consistent with NPCC criteria
- NPCC expected to approve criteria change that would allow load facilities to provide 10-minute synchronized operating reserve (spring 2007)

- “shared activation reserve (SAR) as a means of incremental supply should be treated in a manner that reflects the scarcity conditions in the market.”
(from MSP Report from the period May 2006 – October 2006, published December 13, 2006)
- What this means is that MW amount of SAR should be added to market schedule in the same way that the MW amount of applicable Emergency Control Actions are added (change implemented under MR-00296).

- Prior to market commencement, IESO/IMO Board committed IESO/IMO to investigate the exporting of Operating Reserve from Ontario to neighbouring jurisdictions
- Significant market change
- Complex issues
 - Mechanics: offers, scheduling, activations
 - Reciprocity
 - Impacts

- Develop stakeholder engagement plan bundling the following initiatives:
 1. Reduce 10-minute non-synchronized OR requirement by 100 MW of RRS (no rule amendment required)
 2. Reduce 10-minute synchronized OR requirement by 100 MW of RRS (rule amendment MR-00332)
 3. Dispatchable loads providing 10-minute synchronized OR (rule amendment MR-00333)
 4. Shared activation of reserve
 5. Exporting Operating Reserve
- All stakeholders will have the opportunity to comment on the stakeholder plan

- Elements of stakeholder engagement plan for initiatives 1, 2 and 3 (NPCC changes)
 - Technical Panel would be main stakeholder consultation body
 - market rule issues;
 - Panel has history on the Regional Reserve Sharing issue (MR-00299)
 - Changes and reliability impacts are approved by NPCC
 - Initial Panel discussion March 27, including review of amendment submissions for MR-00332 and MR-00333

- Elements of stakeholder engagement plan for initiative 4 (shared activation of reserve)
 - Market Pricing Working Group would be main stakeholder consultation body
 - MPWG was stakeholder forum that developed Emergency Control Action Pricing changes under MR-00296
 - Schedule activities: spring – summer 2007

- Elements of stakeholder engagement plan for initiative 5 (exporting OR)
 - Provide additional detail for the stakeholder engagement activities related to this initiative
 - Late spring 2007
 - May require separate stakeholder group as this affects all market participants
 - Start work in summer 2007

- Reliability standards do not require IESO to carry full amount of operating reserve when there is a contingency event requiring an operating reserve activation (IESO reduces OR req't)
- “the IESO should discuss with participants if a more appropriate treatment is applicable for the loss of transmission elements. Ideally and to be consistent, the reduction in OR should not appear in the unconstrained schedule and affect the HOEP.”
(from MSP Report from the period May 2006 – October 2006, published December 13, 2006)
- IESO considering its response to MSP recommendation.

- Questions, comments, feedback?