

# Reviewing Outstanding Issues – Issue 1, 20

MPWG

August 23, 2007



- Issues description
- Proposed Action and Rationale
- Request for MPWG feedback

- Pre-Dispatch Sequence
  - Run every hour to derive schedules and prices for future hour periods
  - Unrestricted revisions to bids and offers in each hour are allowed up to 2 hours prior to the dispatch hour
  - These revisions can result in significant changes in pre-dispatch schedules and prices
- Market Participants and Other Stakeholders
  - Rely on published pre-dispatch schedules and prices to determine their operations and settlements (e.g. DACP, HADL, SGOL, imports and exports, OPA DR programs)
  - Measure of PD price sensitivity to changes in demand may be valuable

- Market Surveillance Panel
  - Concern over PD vs RT price differences resulting in RT inefficiencies
  - Most factors showing steady improvement e.g. IESO demand forecast, intertie transaction failures within MP control
  - Areas of concern
    - Intertie transaction failures outside of MP control
    - Increased frequency of import transactions setting PD prices

- IESO Proposal:
  - The IESO proposes to close this issue
  - As part of DAM initiative, IESO is conducting studies of a day-ahead HOEP forecast, option where intertie transactions set day-ahead prices: refer to SE-21
  - IESO continuing to work with neighbouring ISOs to understand and reduce intertie transaction failures outside of MP control



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## Issue 20: Treatment of Intertie Transactions in a Congestion Pricing Regime

- Intertie Nodal Prices in a Uniform Regime
  - Imports/Exports are determined in final pre-dispatch sequence and fixed for entire dispatch hour
  - Fixing of intertie schedules does not allow the real-time nodal prices to be reflective of the offers and bids at the intertie nodes
  - In uniform regime, the intertie nodal prices are not used for settlement
  - If change to locational pricing, treatment of pricing at the interties need to be addressed: intertie transactions still fixed for hour, but would intertie prices change every 5 minutes?

- IESO Proposal:
  - IESO proposes to close this issue and include it in the Locational Market Pricing (LMP) studies: SE 25
  - This is only an issue if nodal pricing is adopted. Nodal pricing is being investigated through LMP studies.

Issue	IESO Proposal
1: Pre-Dispatch Price Uncertainty	Close (being addressed through DAM initiative)
20: Treatment of Intertie Transactions in a Congestion Pricing Regime	Close (being addressed through LMP studies)

- The IESO requests MPWG members written feedback in support or opposition to the IESO proposals with supporting rationale.
- Please provide written feedback by September 18, 2007
- [IESOmarketpricingworkinggroup@ieso.ca](mailto:IESOmarketpricingworkinggroup@ieso.ca)