

Stakeholder Engagement Plan SE-16 Implementation of Day-Ahead Commitment Process – Revision 2



I. Introduction and Background

Events in 2005 have underscored the challenges in providing a reliable supply of electricity in Ontario over the next few years. The tight demand/supply conditions during 2005 resulted in 12 days of public appeals, three separate occasions when the IESO implemented five percent voltage reductions, and numerous other occasions where emergency control actions were taken to preserve the reliability of the power system. Given that this is not a sustainable situation, the IESO intends to identify, design, and implement measures to enhance the reliability of the power system in advance of the summer of 2006.

There are a number of specific issues that need to be addressed in increasing reliability in the short term.

The Day-Ahead Commitment Process (DACP) is one of these initiatives, and the design was approved by the IESO Board of Directors on December 7th, 2005. The design as well the previous stakeholder engagement can be found at: http://www.ieso.ca/imoweb/consult/consult_isr.asp

The DACP identifies improvements that will allow for better scheduling of imports, reduce the likelihood of import failures, and better ensure sufficient internal generation resources are committed one day in advance. This will provide greater assurance that these resources will be available and on-line in real-time to satisfy reliability needs in Ontario.

This Stakeholder Plan deals with the implementation of the DACP including:

- Settlements
- Operations
- Registration
- Compliance

We will continue to work with stakeholders to refine the details and implementation of this design and will update this document as changes occur.

II. Stakeholders

Electricity reliability is of interest to all stakeholder sectors, although “transactional” stakeholders will be directly affected by the implementation of the measures.

The implementation phase of DACP involves generators, dispatchable loads, and importers who are transactional through their submission of bids, offers and schedules. For other stakeholders, including local distribution companies and non-dispatchable loads, the effects of DACP implementation will be limited to new settlement charges, pricing and uplifts.

III. Stakeholder Engagement Goals and Objectives

Goal

1. To provide all interested stakeholders with the opportunity to provide input on the implementation of 2006 Day-Ahead Commitment Processes in order to identify and minimize any adverse impacts on their operations and businesses and the IESO-administered market in general.

Objectives

1. To provide affected stakeholders with the opportunity to identify any issues with respect to the implementation of DACP in order to attempt to minimize any adverse impacts on their operations.
2. To provide affected stakeholders with the opportunity to identify any issues with respect to the implementation of DACP in order to attempt to minimize any adverse impacts on the IESO-administered market.
3. To provide affected stakeholders with the opportunity to review and provide feedback on potential solutions to address implementation issues prior to their finalization.
4. To provide stakeholders with the opportunity to review and provide input into schedules to support testing and activation.

IV. Stakeholder Engagement Approach and Methods

The stakeholder engagement approach for implementing DACP will be stakeholder consultation -- seeking stakeholder input throughout the decision making process involving continuous two-way face to face dialogue.

The stakeholder engagement methods to be employed will be a combination of a workshop open to all stakeholders, the formation of a Working Group consisting of representatives from each directly affected sector, and Web-Based Postings with the opportunity for comment.

Open Stakeholder Workshop

The goal of this first session is to educate stakeholders on the components of the DACP in an effort to build a better understanding of how this process will affect their business.

Representative Stakeholder Working Group

The formation of a representative stakeholder working group will provide the opportunity for directly affected stakeholders to provide more detailed working level input so that the objectives can be met in a timely manner. It is proposed that the working group consist of a balanced representation of the transactional stakeholders indicated above in Section 2. The IESO will seek participants from each of these sectors. Criteria to be used in seeking participants will include overall knowledge of the market, ability to assess impacts of the initiative on their sector, and prior experience/involvement in market design initiatives. To the extent possible, members of the working group will also represent the views of their constituency.

We anticipate the formation of two working groups: One for the transactional component which would include operational issues such as data submission, commitment process, and facility registration. The

second working group would focus on the settlements side including generator cost guarantees, intertie offer guarantees and interties failure charges. The size of each of the working groups would be limited to 10 representative companies and we anticipate that up to two individuals from each company may attend, one representing the business side and another representing the IT side. Compliance and Surveillance will follow existing processes with no anticipated need for stakeholdering.

A Terms of Reference for each working group will be prepared for review in advance of its first meeting to ensure mutual understanding of objectives and process. Working group meeting agendas and documentation from the meetings will be made public through the IESO web site. Notes from meetings will be posted for all other stakeholders to provide comments which can be provided directly in writing or through a sector representative.

Interested stakeholders are asked to send an e mail to stakeholder.engagement@ieso.ca by January 16. Indicate which working group you would like to participate in (transactional and/or settlements), and specify Stakeholder Engagement SE-16 in the subject line.

In addition to the two working group mentioned above, the current Dispatchable Load Working Group and the Interties Working Group will also be used to solicit detailed working level input to the Market Manuals.

Web-Based Postings

Web-based postings provide all affected stakeholders with a lower cost alternative to keep up to date with the process and to provide input as desired.

Development of Market Manuals

The implementation phase of DACP will centre upon the development of market manuals. Many of the design details discussed with stakeholders will be reflected in criteria and processes contained in these documents. The bulk of the *Market Rules* changes will be completed in early 2006, and there may be some additional *Market Rule* development required to support implementation requirements. In addition, the bulk of the design is expected to use existing market participant interfaces. If changes to participant interfaces are required to submit data to the IESO or to receive reports from the IESO, these changes will be discussed with stakeholders within the working groups.

V. Decision Making Steps and Schedule of Activities

It is anticipated that stakeholder engagement will continue right up to the commencement of the DACP trials.

In April and May 2006, the IESO anticipates conducting system tests and DACP trials. Details for these activities and the interaction of market participants will be provided in the next update of this Stakeholder Engagement Plan.

Stakeholder Engagement Schedule	
Activity	Target Date
1. Stakeholders review Market Rule amendment proposals and provide comments to the Technical Panel by January 6, 2006. See http://www.ieso.ca/imoweb/news/newsItem.asp?newsItemID=2675	Completed January 6
2. Posting of materials for January 12 session, including Version 3.0 of the DACP design.	Completed January 6
3. Technical Panel meeting to recommend market rule amendments needed to implement the approved DACP design.	Completed January 11
4. First stakeholder session on the implementation phase of the DACP.	Completed January 12
5. Interested stakeholders for participation in Working Groups to send an e-mail to: stakeholder.engagement@ieso.ca	Completed January 16
6. Notification of Working Groups membership.	Completed January 17
7. First meetings of Operations Working Group, every Wednesday for an estimated 6 weeks starting January 25.	Completed January 25
8. First meetings of Settlements Working Group, every Thursday for an estimated 5 weeks starting February 2.	Completed February 2
9. IESO Board of Directors' consideration of Technical Panel recommendations on market rule amendments.	Completed February 3
10. Dispatchable Loads Working Group Meeting for Input on Day-Ahead Commitment Process.	Completed February 7
11. Intertie Traders Meeting for Input on Day-Ahead Commitment Process.	Completed February 9
12. Working Group meeting continue.	Completed January - March
13. System tests and market trials.	Completed March - May
14. Operational	Completed June

Process Evaluation

Stakeholders will be provided the opportunity to provide feedback on the effectiveness of the process in achieving stated objectives following each key stakeholder engagement event (e.g., Workshops, the Working Group process, etc.).