

IESO Technical Panel Meeting

Minutes of Meeting

Date held: 25 June 2019		Time held: 9:00 am	Location held: IESO Office, Toronto
Invited/Attended	Sector Representation	Attended; Regrets	
Robert Bieler	Consumer	Present	
David Brown	Ontario Energy Board	Present	
Ron Collins	Energy Related Businesses and Services	Present	
Dave Forsyth	Consumer	Present	
Sarah Griffiths	Other Market Participant	Present	
Robert Lake	Residential Consumer	Present	
Phil Lasek	Industrial Consumer	Present	
Robert Reinmuller	Transmitter	Present	
Sushil Samant	Generator	Present	
Joe Saunders	Distributor	Present	
Jessica Savage	IESO	Present	
Vlad Urukov	Generator	Present	
Julien Wu	Wholesaler	Present	
Michael Lyle	Chair	Present	
Observers / Presenters			
Robert Doyle	IESO	Present	
David Short	IESO	Present	
Jessica Tang	IESO	Present	
Adam Cumming	IESO	Present	
Secretariat			
Reena Goyal	IESO	Present	
Jason Grbavac	IESO	Present	
Prepared by: Mitchell Beer / Smarter Shift Inc.			

Agenda Item 1: Introduction and Administration

Chair's Remarks:

The Chair updated Panel members on the Board of Directors' consideration of the proposed Market Rule amendment put forward by Resolute Forest Products. The Board decided against the adoption of the amendment proposal, based on reasons that are to be posted on the IESO website. Prior to its deliberations, the Board received correspondence from counsel for Resolute, requesting an opportunity to make oral and written submissions to the meeting. The Board afforded Resolute the opportunity to make a 10-page written submission.

The Board determined that Resolute had raised some valid concerns with respect to the Technical Panel process, but concluded the company was still able to present its views and rationale for the proposed amendment and respond to questions from the Panel. The Chair said the IESO will address lessons learned through the Resolute discussion, and conveyed the Board's thanks to the Panel for its thoughtful consideration of the proposed amendment and the complex process that consideration required.

The Chair invited comments on the meeting agenda. The agenda was adopted on a motion from Vlad Urukov.

The Chair invited comments on the minutes of the May 2 Technical Panel meeting. Sushil Samant queried a reference to the IESO saying it was inappropriate for Resolute representatives to make contact with individual Panel members between meetings. The Chair clarified that the passage documented a characterization put forward by counsel for Resolute.

The May 2 minutes were adopted as submitted on a motion by Joe Saunders.

The Chair invited comments on the minutes of the May 21 Technical Panel meeting. The minutes were adopted as submitted on a motion by Sarah Griffiths.

Agenda Item 2: Stakeholder Engagement Update

Jason Grbavac, IESO, reviewed a busy month of engagement activities that included a Market Development Advisory Group meeting, a Market Renewal update meeting for stakeholders, and a successful Electricity Summit. Mr. Grbavac said that the Summit explored the changes under way in the province's electricity sector, and the challenges and solutions that are emerging. He invited Panel members to view recordings of the Summit presentations on the IESO website.

Mr. Grbavac reviewed the upcoming items in the Engagement Update previously circulated to members, reminding the Panel to check the IESO's engagement page for details and updates. He noted that the Transitional Capacity Auction and a proposed change to the IESO's Dispute Resolution Panel process were both on the day's agenda, along with potential changes to the Panel's composition and process will be under review through the year. A discussion on the

non-economic activations of Hourly Demand Response resources will be brought forward to the Panel in August, MRP Update Meetings will continue through the year, and an omnibus package of minor Market Rule amendments will take place in November, if required.

Ms. Griffiths asked about the joint Board-Technical Panel meeting scheduled for October 22. Mr. Grbavac said the session was still on the calendar, and that the Panel could hold a separate business meeting that day if necessary.

Robert Lake noted recent changes in the composition of the IESO Board and asked whether any further additions were anticipated. The Chair said a total of six new members have been appointed, bringing the total close to the full complement of 10 plus the CEO, and Mr. Joe Oliver was subsequently appointed as Chair of the Board. In response to a follow-up question from Mr. Lake, the Chair said three sitting Board members will reach the end of their terms in September.

Mr. Urukov asked Mr. Grbavac whether he could confirm that any changes arising from Demand Response testing activations would have no overlap with the Transitional Capacity Auction. Mr. Grbavac responded that the Demand Response Working Group and the Transitional Capacity Auction engagement are well connected, with staff involved working closely together to ensure that any changes from the DRWG are consistent with and applicable to the first stage of the TCA. In response to a follow-up question from Mr. Urukov, he said Market Rule changes put forward during the discussion on HDRs could translate into additional requirements for the TCA.

Jessica Savage, IESO said the TCA process will take a phased, evolutionary approach, and the work on Demand Response will be coordinated with that broader evolution.

Agenda Item 3: Dispute Resolution - Selection of a mediator or arbitrator other than an IESO Dispute Resolution Panel member	
Presenter	Robert Doyle
Action	Review amendment proposal MR-00438 and vote on whether to recommend it for approval by the IESO Board.

Robert Doyle, IESO said the draft Market Rule amendment flowed directly from the recommendations of the Advisory Group on Governance and Decision-Making, calling for more flexibility in the Dispute Resolution process. Technical Panel members had previously provided feedback about ensuring that the amendment only permitted *qualified* persons other than Dispute Resolution Panel members to act as mediators or arbitrators. Mr. Doyle said the IESO incorporated those comments in the proposed amendment, and received no further feedback after posting the draft for stakeholder review.

Mr. Urukov noted that the word ‘parties’ was not italicized in the proposed amendment, and asked whether that meant two market participants engaged in a physical bilateral contract, for example, could agree to any arbitrator, with no definition of qualifications. Reena Goyal, IESO said the Dispute Resolution Panel is available to disputing market participants other than the IESO, but that the amendment would allow parties to a dispute to agree to select any person who was licenced or certified to mediate or arbitrate disputes. Mr. Urukov asked who would confirm the mediator or arbitrator’s qualifications. Ms. Goyal said that while that would not be the IESO’s role, the parties are required to notify the Secretary of the Dispute Resolution Panel of the identity and contact information of the chosen mediator or arbitrator. Mr. Urukov asked what criteria the Secretary would apply in deciding whether to object to the chosen mediator or arbitrator. The Chair noted that the Secretary would accept the selection as long as the individual was qualified, and Ms. Goyal agreed with that framing.

Mr. Urukov noted that the IESO would still have standing to apply its own selection criteria for a dispute to which it was a party, but not if the dispute were between two market participants. On that basis, he expressed concern that a dispute adjudicated under less stringent criteria might set a precedent for the market as a whole. The Chair replied that, with no court decision involved, there would be no precedent. Ms. Goyal added that in both scenarios, the criteria for choosing a mediator or arbitrator other than a DRP member would be the same, and the decision would be up to the parties to the dispute.

Mr. Urukov said he would have expected the IESO, but not the market participants in his scenario, to populate a list of potential adjudicators based on its own criteria. The Chair said that, even if the parties chose an adjudicator with less knowledge of the electricity sector who ended up making an unexpected decision, the dispute between two parties would not set a broader precedent.

Robert Bieler said he was pleased to see a notice on the IESO website that called for new members of the Dispute Resolution Panel that laid out clear qualifications for the position. Ms. Goyal said the selection would be based on a standardized process and criteria, established by the Board after commissioning advice from an expert arbitrator.

Mr. Bieler and Mr. Urukov asked whether the proposed Market Rule amendment should include a definition of “qualified persons”. Ron Collins said the market participants involved should have the flexibility to make their own choices as long as there is no risk of setting a precedent for the wider market. The ideal would be to have a reference point to ensure a qualified adjudicator, without conclusively defining the term. Mr. Bieler said the parties to a dispute should negotiate and decide on the appointment before it reaches the Dispute Resolution Panel. Ms. Goyal reminded Technical Panel that one of the reasons for the proposed amendment was to give market participants more flexibility to choose their own arbitrator or mediator, as an alternative to the criteria mandated by the IESO. She added that entities would more than likely be represented by legal counsel, and that to date she had not seen a single

dispute in the 17 years since market opening in which the IESO itself was not one of the parties to a market rules dispute.

The Chair invited further comments on the proposed Market Rule amendment, then invited a motion to recommend the amendment for consideration by the IESO Board. The measure passed on a motion by Robert Reinmuller, with Robert Lake expressing his support for the added opportunities for market participants to solve their own problems.

Agenda Item 4: Transitional Capacity Auction (TCA)	
Presenter	Jessica Tang, David Short
Action	Review amendment proposal MR-00439 and vote on whether to post it for stakeholder comment.

Robert Doyle, IESO, explained that the large volume of meeting materials backgrounding this agenda item reflected a recommendation of the Advisory Group on Governance and Decision-Making. The IESO will initiate a process later this year to determine the level and volume of market manual content that should accompany proposed Market Rule amendments. He added that the draft market rules provided to the Technical Panel included stakeholder feedback through the Transitional Capacity Auction (TCA) process.

Jessica Tang, IESO, described the proposed amendments to the Market Rules and Market Manuals, including provisions to enable eligible generators, allow temporary removal of a load reduction plan, provide non-performance events only upon IESO request, define September as a peak month for non-performance factors, and clean up miscellaneous gaps in language. She recapped the IESO's phased approach to enhancing the existing Demand Response auction and expanding competition for other resource types, driven by projections that Ontario will shift from surplus conditions to a significant capacity need in 2023.

David Short, IESO, described the stakeholder engagement process, the feedback received so far, and next steps.

In reply to a question from Mr. Urukov, Ms. Tang noted that capacity factors under the auction range from 1.0 to 1.5 to 2.0 and are assigned based on peak, shoulder and non-peak months. She said September had previously been assigned a value of 1.5, but is now set at 2.0 because it has emerged as a peak month over the past 3 years. She clarified that the value of the factors themselves had not changed.

Mr. Urukov asked whether the changes in terminology and authorization types on page 8 of the slide presentation would prevent any participant from joining the Demand Response auction. Ms. Tang said that the ability to register as a Demand Response Auction Participant had been removed from IESO's set of tools, and would be replaced with rules to register Capacity Auction Participants. Ms. Savage and Ms. Tang said the legacy Demand Response terms would

have to be retained as the current DR participants are in the middle of a commitment period, but the older nomenclature will no longer be needed once transactions up to April 30, 2020 have been settled. Mr. Short said forthcoming revisions to the Market Rules and Manuals will address any legacy Demand Response Auction rules that are no longer applicable once those settlements have cleared.

Mr. Urukov asked whether there would be any scenario in which the system changes caused administrative delays. Ms. Tang said market trials were scheduled for September, but it would not be impossible to delay the transition if there were issues with the Rules. Mr. Short said go-live was scheduled for October, contingent on IESO Board approval of the market rule amendment followed by the statutory requirement to publish the amendment at least 22 days before it comes into force. 21effective

Mr. Samant asked why the summer and winter commitment periods were being reframed as obligation periods. Ms. Tang said the purpose was to align the revised Rules with the terminology of the Incremental Capacity Auction (ICA). She stated that where the TCA was able to do so easily (i.e. terminology), they would try to create alignment with the ICA.

Mr. Urukov asked whether the three-month-ahead time frame for enabling market entry for eligible generation participants coincided with the anticipated rollout. Ms. Tang said it did. While those generation resources will have a shortened window to enter the market, she said the IESO is committed to ensuring the December auction is open to eligible participants. Mr. Urukov recalled past challenges with the IESO's online systems, but said the changes seemed limited to updates to the current system. Ms. Tang said significant testing was already under way, adding that the early start on tool changes plus the September market trials would be sufficient to identify any issues and ensure the system was running smoothly in time for go-live.

In response to a follow-up from Mr. Urukov, Ms. Tang said all steps except registration take place after the auction but before the beginning of the obligation period, with at least a three-month period available for market participants to assign resources prior to May 1.

Mr. Lake asked whether self-scheduled generators would be able to take advantage of the auction. Ms. Tang said the process was limited to dispatchable resources, and Mr. Short said he knew of some self-schedulers that were considering becoming dispatchable. Ms. Savage said those resources would be able to participate, since the auction will be a competitive process.

Mr. Collins said a self-scheduler is a market-taker, not a market-maker, and the economics of that distinction would dictate a price increase if they were included in the process. Ms. Tang said the IESO did not know whether any self-scheduled resources would shift their status, but had set a 45-day deadline before the auction date for entities to complete the process of becoming dispatchable. Self-schedulers know that the IESO is contemplating allowing them to participate in the auction in Phase II, she added, but some may become dispatchable prior to the

upcoming auction. Mr. Lake said he did not think the risk of a resulting price increase was material, but it could happen.

Referring to the language on settlements and billing, Ms. Griffiths noted a difference in terminology between “compensation” owed from a market participant to the IESO and an “adjustment” owed from the IESO to a market participant. Ms. Tang said the difference was deliberate, and undertook to report back with the rationale.

Referring to page 16 of the presentation, Mr. Urukov cited the reference to the IESO-controlled grid under Market Manual 7, Part 7.3, and asked whether the nomenclature update was intended to prevent future confusion. Ms. Tang said the point is covered by the new definition of “auction capacity” in Chapter 11.

Mr. Wu asked about the impact of capacity being exported on the proposed design of the TCA. Mr. Short clarified that the rules governing the export process were not changing, and any market participant would be free to bid in the capacity auction as long as they were in compliance with the existing rules and manuals, with no concern about a potential conflict. Ultimately, a resource’s capacity can only delivery to one jurisdiction’s auction and cannot be double counted.

Mr. Reinmuller asked how the IESO would assess outages in a capacity swap between zones, initiated by two entities within the market. He said Chapter 5 laid out a fairly elaborate process for timing, and for notifying the IESO of an outage, but that a new analysis would still be needed for the area of impact. Mr. Short said the new rule permitted transfer of obligations across zones, but the two resources must be like for like—physical to physical, virtual to virtual, or generator to generator. He added that any participating generator would already have gone through a system impact assessment, and the obligation for due diligence of availability would fall on the generator that was prepared to accept a transfer from another market participant, since the current rule holds generators responsible for non-performance. The relevant information would be available to them from the IESO’s outage management group.

Mr. Reinmuller asked whether the result of a swap would be visible once a generator confirmed it. Mr. Short said the practice in the event of an outage is always first in having precedence over later outages, with the IESO prioritizing and recalling transmission or generation by time stamp. If the IESO was assessing two outages, the earlier one would have precedence, regardless of whether the participant had a contract with the IESO, was a regulated asset, or had an auction capacity obligation to the IESO.

Mr. Reinmuller asked whether that feature of the existing rules on outages meant a swap might or might not happen. Mr. Short said the Market Manuals could clarify the responsibility of the participant receiving the obligation to ensure there were no significant outages that would affect them.

Mr. Samant asked whether that scenario would create a reliability concern for the IESO, given the requirement to ensure that a supplying resource is not on outage. Mr. Short said resources are not assigned until the auction is complete. So the IESO will not yet know what resource (and thus which outages) will be deployed to fulfill the entity's auction obligation, and that obligation could be transferred in the meantime.

Mr. Samant asked whether that raised any concern about the entity's ability to fulfill the obligation. Ms. Tang said the onus would still be on the market participant to meet its obligation and that the IESO would conduct a reliability assessment to ensure adequacy, but the obligation under the Demand Response auction would still lie with the market participant.

Dave Forsyth asked about a scenario in which a non-committed generator took a position in the capacity market and a second generator in the same market received an outage approval, then transferred its capacity obligation to some other entity. In that instance, he asked whether the second generator would have its outage approved. Mr. Short said the IESO would not distinguish between the two obligations, but would base its determination on megawatt delivery and time stamp. The situation would probably trigger a discussion within the local participants (i.e., generators and transmitter), as it already would under the current Market Rules.

David Short, IESO, reviewed the stakeholder engagement process, the feedback received so far, and next steps. Mr. Short said the IESO had held six stakeholder engagement sessions on TCA Phase I since the process began March 7 and had received 36 submissions, eight of them specific to the proposed Market Rule and Market Manual amendments. He said the review schedule had been adjusted to allow for further comment, and that some proposed design features were being shifted to Phase II to allow more time for the IESO to understand stakeholders' concerns and ensure a design that reflects their feedback. He reviewed the incoming comments and IESO's responses in detail, including specific IESO questions to market participants, and listed four emerging themes:

- Details of the design of the Phase I Transitional Capacity Auction;
- Material changes to or constructive suggestions on the Phase I design that focused toward Phase II;
- Comments on proposals under consideration by the Demand Response Working Group;
- Suggestions for greater clarity in rule language, most of which were incorporated in the proposed amendments.

In the course of his presentation, Mr. Short reviewed the five questions the IESO had developed to guide the Market Rule engagement process.

Mr. Lake asked whether any consumers, particularly Class B customers, had responded to the price question. Ms. Tang said the Technical Panel process would give them that opportunity.

Mr. Bieler said Canadian Manufacturers and Exporters had taken issue with the timeline for the draft amendment. Mr. Short said a number of stakeholders had expressed similar concerns at an earlier stage in the process. The IESO responded by increasing the number of stakeholder sessions and deferring more complex items to Phase II. Mr. Bieler asked whether that response had been communicated to the stakeholders that raised the concern. Mr. Short said stakeholder concerns were either bucketed into themes and address at stakeholder sessions, or addressed through individual conversations if they did not fit a theme.

Mr. Bieler asked whether those responses were directed to all sectors and target groups. Mr. Grbavac said the responses were accessible to all, but it was difficult to reach general consumers: while residential customers, for example, were not generally present at the engagement sessions, Class B participants and aggregators were at the table. Mr. Bieler asked whether the IESO identified potential target groups for engagement. Mr. Grbavac said that as part of developing an engagement plan for each initiative, consideration is given to the stakeholders who are most impacted or interested in the particular topic and outreach does reflect that stakeholder mapping.

Ms. Savage said the IESO would welcome further input on the process, and on the Technical Panel's representation model, as members work through the recommendations of the Advisory Group on Governance and Decision-Making. She added that, while low volume consumers have not historically been very active in IESO stakeholder engagements, there is recognition of the value of receiving a broader range of feedback.

Mr. Grbavac said the IESO's engagements on energy efficiency and conservation placed more emphasis on smaller consumers, adding that the Secretariat relies on the Stakeholder Advisory Committee and the Technical Panel to navigate those constituencies and share their concerns. Mr. Saunders asked whether the IESO would still seek to reach out to those groups. Mr. Grbavac said that outreach would occur if it was clear that a resource or participant was missing from a stakeholder engagement process and relevant to its outcome.

Ms. Griffiths agreed that Panel members have a responsibility to keep in touch with and represent their constituencies, while acknowledging how much more difficult that is for members representing smaller, more distributed interests like residential consumers. She added that when a constituency does not respond to a specific issue, she does not necessarily interpret that as approval, but as an indication the group has no specific feedback or concerns.

Mr. Short said the IESO works from the general belief that introducing more competition tends to put downward pressure on price. He noted that a participant in one stakeholder engagement session asked how the IESO expected his entity to remain viable when prices keep falling and responded that the intent of capacity auctions is not to put anyone out of business, but the cost

pressure is ultimately meant to benefit consumers, especially as the market makes the transition out of surplus conditions.

Mr. Lake urged the group to remain focused on consumers and the risk they could face in a shifting market, recalling the price volatility that had resulted from an initial round of deregulation 20 years ago that was supposed to have been undertaken in consumers' interest. Mr. Short said the IESO's focus was on delivering reliability at reasonable cost.

Mr. Short noted that the U.S. Federal Energy Regulatory Commission (FERC) had conducted a proceeding on compensation for demand response, ultimately determining that it was appropriate for a load to receive an energy payment if it chose to respond to an activation – providing there was an overall economic benefit to the payment. In Ontario, the intent is to implement status quo from an energy payment perspective, with loads providing the bid price at which they are willing to not consume, and therefore becoming dispatchable or receiving an activation notice. By contrast, generators provide energy as well as capacity, and their product is the electrons to the grid. So while there is an argument for equivalency between the two, the Demand Response Working Group (DRWG) is reviewing the circumstances under which a load could or should be paid as a result of an activation.

DRWG is considering two aspects for potentially compensating load for not consuming. The first is an out of market activation associated with testing and emergency notices. The second consideration is if a load is economically dispatched, even at its bid price. Today only a generator is paid but a load is not, raising the question of what a load should be paid for not consuming at its established threshold. The Demand Response Working Group is at a relatively early stage in assessing the implications for consumers and the market as a whole.

Mr. Reinmuller asked whether dispersed Demand Response loads totalling 100 megawatts, for example, could provide the same certainty as simply calling on a generator to respond, or whether DR providers have the option of declining to activate if the load displacement does not fit their schedule. Ms. Griffiths said the loads are obliged to meet their commitments, and are exposed to an availability and dispatch charge if they fail to do so. The argument now, she added, is that there should be a similar compensation provision for capacity market obligation holders to follow a dispatch signal.

Mr. Forsyth said the dynamic is fundamentally different for a capacity resource that is expected to respond to a price signal or incur penalties, to which Mr. Urukov referred to the sanctions a dispatchable resource would face if it failed to respond. Mr. Collins asked whether Demand Response provides a better-quality response than load, and whether a generator would be expected to make up a shortfall of, say, 4% without any incentive. Ms. Tang said other parts of the energy market would deal with activating capacity, and in Mr. Collins' scenario the system would be looking for the energy.

Mr. Collins said the system should be set up to reflect the future possibility that generation will have more value to the system than load, or vice versa. Ms. Tang acknowledged that analysis might be called for in the future, but not under the current definition of the capacity market.

Mr. Collins said the rise of smaller generators created more opportunities for micro-power response, and the applicable incentive structures should begin to reflect that additional benefit. Ms. Tang said the IESO's definitions would then have to evolve accordingly. Mr. Short referred to the thousands of submissions that fed into the FERC decision, adding that the DRWG would have to conduct its own study for Ontario to decide the appropriate course of action.

Mr. Lake said generators have to produce voltage, but the same volume is not needed if load is down. Ms. Griffiths said that comment pointed to the different types of value available to the system from different products, and the move toward a more sophisticated, technology-agnostic approach to meeting the system's needs.

Mr. Short presented stakeholders' responses to the IESO's questions on Hourly Demand Response (HDR), and Ms. Griffiths said the DR community would argue that DR and HDR are two very different products and technology standards. Mr. Short said not all HDR resources are alike, and the IESO is trying to determine which ones can participate.

Mr. Short and Mr. Grbavac reviewed next steps in the process, leading toward intended implementation in mid-October ahead of the proposed Transitional Capacity Auction to be run in the first week of December.

Mr. Collins suggested several editorial changes to the draft. Ms. Tang and Mr. Doyle noted the revisions.

Mr. Forsyth said the Market Rules were consistent with AMPCO's view of the TCA stakeholder engagement, but missed an element related to compensation for Demand Response utilization payments. He expressed concern that this represented discrimination against some market participants, and asked that it be addressed before the TCA Market Rules are approved. The Chair said the Panel was being asked to vote on whether to post the draft Market Rule amendments for comment, not on whether to approve them.

On a motion by Mr. Reinmuller, the Technical Panel voted to post the proposed Market Rule amendments for further stakeholder comment.

Item 5: IESO TP Review - Process and Composition

Robert Doyle, IESO, described the scope of the review of the Technical Panel's composition and processes, based in part on a study of rule-making processes in six other North American independent system operators. He said the previous review took place in 2015, and the work of the Advisory Group on Governance and Decision-Making had set the stage for a deeper dive.

Mr. Saunders asked how the IESO would determine qualifications for representatives from different sectors, and whether the sectors themselves would weigh in on those qualifications. Mr. Doyle acknowledged the question as a focus point for further discussion.

Mr. Collins said the Panel would benefit from a mix of professional qualifications drawn from the various activity types with representation on the Panel, from end use to operations to LDCs. Mr. Saunders and Mr. Urukov cautioned against asking any sector to designate a representative with specified professional expertise, and Mr. Bieler agreed that the question was challenging, adding that it is difficult for even a knowledgeable consumer representative who does not “live life in the electricity sector” to fully understand the dynamics behind the Panel’s deliberations. He suggested the same challenge must come up for the IESO Board of Directors.

Mr. Lake cited the provincial Financial Services Regulatory Authority as a model where a nominating committee seeks out a specified mix of skills, or requires incoming members to acquire those skills over time. The Chair said that the IESO takes a similar approach to skill sets on its own Board. Mr. Saunders and the Chair both acknowledged the difficulty of relying on other entities and sectors for specific skill sets.

The Chair identified accounting and information technology as helpful areas of expertise that would not necessarily have to originate within the electricity sector, adding that the IESO had adopted a skills matrix approach on that basis. He said the accent would always be on having the right people at the table to exercise due diligence in representing their constituencies, not on the specific professional background any individual brought to bear.

With energy storage about to enter the market, Ms. Griffiths cited representation for that sector as the most glaring gap in the Technical Panel’s current composition. She also suggested more specific identification of distributors, transmitters, and renewables as possible changes.

Mr. Doyle returned to Mr. Wu’s question about the number of spots on the Panel, asking members about the numbers they see on other deliberative bodies and how well those configurations worked. Mr. Lake cited a committee of 24, set up to serve the City of Toronto, and contrasted it with the 12 positions currently available on the Technical Panel.

Mr. Collins listed some of the areas of knowledge and expertise the Panel will require, particularly with the market on the verge of drastic, rapid change. Mr. Urukov said that observation pointed to a timing issue, since the market has not changed yet, there is no immediate, acute problem, and there is no detailed example of the configuration the province will end up with. The question, he added, is whether the Technical Panel is missing essential representation now, or simply trying to anticipate and position itself to meet future needs. Mr. Collins agreed that future changes are hard to fully predict, citing the evolution of storage technology as an area where the right expertise on the Panel or on staff might be able to assist. He cautioned against trying to structure the Panel to reflect every possible emerging technology. Mr. Samant said stakeholders are often in a position to provide perspectives on specific technologies.

Mr. Collins later added that the Panel's recruitment criteria could include geography, to deal with issues like the end use challenges emerging in Thunder Bay.

Mr. Doyle said the Panel's terms of reference allow for a mix of core and flexible members. Revisions to the terms of reference would be subject to stakeholder comment and a Panel vote.

Ms. Savage said the IESO would be prepared to report back that the Technical Panel is working well in its current form if that was the consensus of the group. Ms. Griffiths said the mix of stakeholders was in need of an update, Mr. Bieler recalled the Panel's recent questions about whether it could seek consulting advice on specific issues, and Mr. Reinmuller reiterated that it would be impossible to constitute the Panel to reflect all technologies and market segments.

Ms. Griffiths said the Panel's recent deliberations around the draft Market Rule amendment from Resolute Forest Products had demonstrated the value of having some Panel members who brought hands-on system knowledge to their understanding of the Market Rules.

Mr. Lake said the Financial Services Regulatory Authority had grappled with a similar issue when it sought out specialized expertise in securitization. But Mr. Bieler drew a different conclusion from the Resolute experience, commenting that the Panel's mandate was to make sure the Market Rule reflected the intent of policy and was being applied as intended. If the Panel needed to understand meter configurations to reach a conclusion on that matter, he said members could have brought in that specialized expertise from outside.

Ms. Griffiths said the Advisory Group was also concerned about the way different stakeholder groups would experience risk within the market, suggesting a possible scenario in which all the various interests at the table could outweigh the voices of actual market participants. Mr. Saunders said quality and supply issues are still risk factors for stakeholders that are not market participants, even if the risk is not directly financial. Ms. Griffiths said the discussion pointed to differences in risk sets, adding that the financial impacts a company like Resolute faced due to a 50% derate should be part of the discussion. Mr. Reinmuller said LDCs carry a lot of responsibility, and risk and responsibility both have a price. Mr. Saunders said that responsibility for LDCs takes the form of having to accept whatever is now unavailable from other sources on the system.

Mr. Collins said the wider question of Panel representation hinged on whether the mandate was to assure the applicability of the Market Rules only for corporate participants, or for the market as a whole. If the answer is that the Panel represents the entire market, it means factoring in examples like manufacturing, for whom relocating due to energy cost or supply issues has a cost. If consumers are a part of the discussion but do not currently have capacity to understand the technical issues before the Panel, he said it would be the IESO's job to educate them.

Phil Lasek said the Panel's current composition covers the seven core areas identified in the Terms of Reference, and more in-depth issues can be addressed by observers or subcommittees. He suggested the Panel might be moving into too deep a discussion when it could play more of

a “traffic cop” role, presenting findings to the Board or referring topics back to committee. He also asked whether it would make sense to hold fewer, longer meetings that would justify a trip to Toronto to attend in person. Ms. Savage acknowledged the constraints around inter-city travel to attend a two-hour meeting, but said market participants would object to the time lags that would occur if the Panel only met quarterly.

Ms. Griffiths said the fundamental market changes on the horizon would shift the financial risks for many market participants. While the current focus is mainly on contracts, rates, and regulation, she said participants five years from now will face much more exposure, which explains the IESO’s recent emphasis on governance and decision-making.

Ms. Savage said the Secretariat could review the Panel’s current composition and terms of reference through the lens of the changes in risk context that will result from Market Renewal. Mr. Collins said the Panel’s future composition must still strike a balance between market participants and consumers, adding that his business already factored in the risks associated with the current Market Rules. He said the Panel’s role is ultimately to recommend decisions to the Board, and companies or individuals can still go to court after a decision is reached.

Mr. Urukov agreed with Ms. Griffiths’ observations on shifts in risk. But he cautioned against leaning too far in any direction, urged a balanced approach reflective of the Panel’s mandate, and stated that stakeholder engagement fleshes out many of the factors that members must consider in applying the Market Rules.

Ms. Griffiths urged members to conduct their own, individual reviews of the stakeholder comments submitted to the Advisory Group on Governance and Decision-Making, in addition to relying on the summary provided by the IESO.

Mr. Doyle said the Advisory Group also recommended changes in process to increase the transparency of the Technical Panel’s deliberations. In response to a question from Mr. Urukov, Ms. Savage said the Market Development Advisory Group would be discussing the same issue later in the week, adding that the IESO was looking for a wider interactive process on the topic, not just a single discussion. Mr. Doyle said Panel members would also be asked to comment on what they need from the Secretariat, including materials production to support deliberations and whether staff are supplying the right depth of content.

The Chair invited Panel members’ comments on expectations going into Market Renewal. He said the process would represent a significant commitment for all concerned, involving more frequent meetings and much higher volumes of background reading.

Members agreed to a July 16 deadline for comments on the topic.

Mr. Forsyth asked whether the Panel’s composition had changed very much since the market first opened. Mr. Doyle said that the original composition was more prescriptive, with specific allocations for generators, consumers and other sectors.

Other Business

There being no other business, the meeting adjourned at 12:23 PM.

Action Item Summary			
Date	Action	Status	Comments

DRAFT