

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17

**IESO RESPONSES TO AMPCO INTERROGATORIES**

**AMPCO INTERROGATORY 1**

**INTERROGATORY**

Reference:

IESO Evidence, sub-paragraph 4(a).

The IESO indicates that the issue of energy payments for demand response resources:

*“is very complex, particularly in the context of Ontario’s hybrid electricity market, and warrants necessary study and analysis”.*

Question:

Please provide an explanation of the source and nature of such complexity, including identification of the factors which give rise to such complexity.

**RESPONSE**

The source and nature of the complexity, and the factors that give rise to such complexity are described in the underlying arguments for and against energy payments in Ontario, as summarized in Part G, paragraph 53 of the IESO’s November 8, 2019 evidence.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18

**AMPCO INTERROGATORY 2**

**INTERROGATORY**

Reference:

IESO Evidence, paragraph 36.

The IESO states:

*DRA participants have been activated in the energy market in very limited circumstances since the DRA was launched in 2015. This is likely due to the relatively high prices at which DRA participants have bid into the energy market.*

Question:

Why, in the view of the IESO, have DRA participants bid into the energy market at such high prices?

**RESPONSE**

DRA participants submit bids reflective of their willingness to pay for electricity (and above which they choose not consume). Opportunity cost of not consuming may be high for some loads, causing them to bid near the maximum market clearing price, but this may not be the case for all resources. The IESO is not privy to the costs or bidding strategies of DRA participants.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

**AMPCO INTERROGATORY 3**

**INTERROGATORY**

Reference:

IESO Evidence, paragraph 60.

The IESO states that shortly after its September 13, 2018 release of an updated forecast for a summer 2023 capacity gap, it:

*“came to the realization that it was not feasible to launch the ICA in time to address the projected capacity gap... and that alternative measures were required”.*

Question:

Please explain why launching the ICA in time to address the projected 2023 capacity gap was not feasible. What would have been required to pursue this measure, rather than alternative measures?

**RESPONSE**

The ICA had targeted a late 2022 auction for a 2025 commitment period.<sup>1</sup> Given the range of new design elements contemplated in the ICA, and the need to engage stakeholders in developing those elements, the IESO did not believe there was sufficient time to implement the necessary changes in time for a 2023 commitment period. In particular, changes contemplated to address new build resources were particularly complex and required a longer forward period than provided for in the DRA or TCA. In order to meet a 2023 commitment period, it would have been necessary to execute an ICA in 2020.

---

<sup>1</sup> <http://www.ieso.ca/en/Sector-Participants/IESO-News/2019/02/Meeting-Ontarios-Capacity-Needs-2020-2024>

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

**AMPCO INTERROGATORY 4**

**INTERROGATORY**

Reference:

IESO Evidence, paragraph 62.

The evidence states:

*The IESO also determined that the TCA would provide opportunities for existing off contract generators, which might otherwise decide to wind down their operations to the potential detriment of Ontario reliability and the interests of Ontario consumers.*

Questions:

- (a) Please explain how the IESO made this determination. Please include in the response an explanation of the particular information and/or data relied on in coming to such determination, and the source of that information and/or data.
- (b) Was the IESO approached by any particular generators, and if so which ones?
- (c) Did the IESO have any discussions with, or requests from, the Ontario government to consider the manner in which to address concerns regarding how to address generators coming off contract? If so, please explain the nature of those discussions or requests.

**RESPONSE**

- (a) The IESO is aware that some generators have begun the de-registration process with the IESO, or through their LDC, to effectively shutdown operations. The IESO is also aware, through the ordinary course of its business, that some generator counterparty resources will require investment in refurbishment and maintenance in order to continue to operate. Without generation contracts, there may be increased uncertainty about the financial viability of such investments, which in turn increases the probability that such investments will not be made and that existing assets will shut down. The loss of these existing generation resources could have a negative impact on reliability given the forecasted future capacity gap.
- (b) The IESO received information relevant to its determination, from a range of sources, through the ordinary course of its business. Generators communicated their perspective through various channels. For example, in a presentation to the DRWG, Kingston CO-gen noted that providing generators access to a capacity auction: “...would help secure the long run viability of un-contracted generation as future capacity resources in Ontario.”<sup>2</sup>

---

<sup>2</sup>Kingston Co-Gen Presentation to DRWG, February 12, 2019, (see slide 2, 5<sup>th</sup> bullet) <http://www.ieso.ca/-/media/Files/IESO/Document-Library/working-group/demand-response/drwg-20190212-expanding-dr-uncontracted-generators-northland-power.pdf?la=en>

1  
2  
3  
4  
5  
6  
7  
8

(c) IESO discussed its plans to evolve the demand response auction into a broader-based and more competitive capacity auction with the Ministry of Energy, Northern Development and Mines. The IESO also communicated that the TCA would provide an opportunity for off-contract resources to compete to meet system needs by providing capacity, in addition to their participation in the energy market.

1 **AMPCO INTERROGATORY 5**

2

3 **INTERROGATORY**

4 Reference:

5 IESO Evidence, paragraphs 90 – 92.

6 The evidence mentions the AMPCO/AEMA Joint Legal Brief regarding compensation for demand  
7 response activation, and goes on to discuss the Technical Panel approval of the 3 market rule  
8 amendments. The evidence further references the IESO's planned study of the topic of activation  
9 payments for demand response resources as a reason for the Technical Panel's approval of the  
10 amendments.

11 Questions:

12 (a) Was the Joint Legal Brief provided to the Technical Panel, and if so on what date?

13  
14 (b) What information did the Technical Panel have on the "planned study" when it made  
15 its decision on the amendments?

16 **RESPONSE**

17 (a) This question is not relevant to the present Application as it has no bearing on the issue  
18 as to whether the TCA market rules unjustly discriminate against DR resources, as alleged  
19 by AMPCO.

20  
21 Nevertheless, yes, the IESO provided the Joint Legal Brief to the Technical Panel ("TP").  
22 Prior to receiving the Joint Legal Brief, both AMPCO and AEMA individually submitted  
23 feedback to the Technical Panel in response to its request for comments due by July 9,  
24 2019. This feedback was consistent with the position expressed in the Joint Legal Brief.  
25 On July 19, 2019, IESO management received the Joint Legal Brief directly, for the IESO's  
26 consideration. In the email presenting the Joint Legal Brief, drafted on behalf of AEMA  
27 and AMPCO, Colin Anderson wrote:

28  
29 *We are providing you with an advance copy of this brief so that you can review its*  
30 *content prior to any further action. Ultimately, we would like to post this in the public*  
31 *domain, but we are happy to discuss the timing of that with you, at your*  
32 *convenience.*

33  
34 *AEMA and AMPCO are pleased to provide this brief to the IESO and we hope that*  
35 *it is found to be instructive and helpful. AEMA and AMPCO look forward to*  
36 *continuing to work with the IESO going forward.*

37  
38 Given that the brief elaborated on the position expressed by AEMA and AMPCO  
39 previously in response the TP's request for stakeholder comments, the IESO ultimately  
40 elected to provide the Joint Legal Brief to the TP on August 12<sup>th</sup>, in advance of the August

1 13<sup>th</sup> TP meeting to vote on the TCA market rule amendments. The Joint Legal Brief was  
2 discussed at the August 13<sup>th</sup> meetings, and panel members were given an opportunity to  
3 postpone their vote on the TCA market rule amendments in order to to give members a  
4 chance to review the AEMA/AMPCO legal brief in more detail. The TP voted against  
5 delaying their vote, and voted 11-1 in favour of recommending the TCA market rule  
6 amendments to the IESO Board.

7  
8 Both the Joint Legal Brief, and AMPCO and AEMA's separate feedback, are published on  
9 the TP webpage.

10  
11  
12 (b) At the time of the Technical Panel vote on the TCA amendments, the Technical Panel was  
13 made aware that the IESO had committed to further study of the issue of energy payments  
14 to DR resources in the Ontario market.

15

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37

**AMPCO INTERROGATORY 6**

**INTERROGATORY**

Reference:

IESO Evidence, paragraphs 95 - 97.

The evidence discusses the approval by the IESO Board of the amendments, and the rationale for that approval, which includes the IESO’s commitment to “completing an independent study to determine whether there would be a net benefit to Ontario consumers if demand response resources receive energy payments for economic activations”.

Questions:

- (a) Was the Joint Legal Brief referred to in paragraph 90 of the evidence provided to the Board of Directors, and if so on what date?
- (b) What information did the Board of Directors have on the “planned study” when it made its decision on the amendments?
- (c) In respect of the Board’s consideration of whether existing non-committed generators “may choose to wind down their operations” (as referenced in sub-paragraph 95(c) of the IESO Evidence), what particular information and/or data was provided to the Board of Directors in respect of this consideration, and what was the source of such information and/or data?

**RESPONSE**

The questions in this interrogatory are not relevant to the present Application as they have no bearing on the issue as to whether the TCA market rules unjustly discriminate against DR resources, as alleged by AMPCO.

- (a) Yes, the Joint Legal Brief was provided to the IESO Board of Directors, as part of an agenda item package, on August 20<sup>th</sup>, 2019, in advance of the August 28<sup>th</sup>, 2019 IESO Board meeting.
- (b) The IESO Board was made aware that the IESO had committed to further study of the issue of energy payments to DR resources in the context of Ontario, and had recently announced an extended stakeholder engagement on point.
- (c) It was communicated to the IESO Board in general terms that some existing non-committed generators had communicated the possibility that they may wind down their operations.



1

**AMPCO INTERROGATORY 7**

2

3 **INTERROGATORY**

4 Reference:

5 IESO Evidence, paragraph 98.

6 The evidence indicates that the IESO Board, in its consideration of the amendments, noted “a  
7 *process issue related to the AEMA/AMPCO joint brief*” in respect of the Technical Panel’s  
8 consideration of the amendments.

9 Question:

10 What was the “*process issue*” referred to in this evidence?

11 **RESPONSE**

12 Please see IESO Response to AMPCO IR 5, filed November 6, 2019.