ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H 1T1
t 416.967.7474
www.ieso.ca

June 3rd, 2021

Lindsey Arseneau-MacKinnon
Director, Regulatory Research and Analysis

Ontario Power Generation
700 University Avenue, Toronto, ON
M5G 1X6

Dear: Ms. Arseneau-MacKinnon,

Re: OPG Request to the IESO regarding Undertaking No. JT3.11

This is in response to your request of May 13, 2021 regarding undertaking No. JT3.11 to the Ontario Energy Board (OEB) staff, taken by Ontario Power Generation (OPG) as part of the OPG Technical Conference, FILE NO.: EB-2020-0290. The undertaking is as follows:

> **To request that the IESO file a letter about how it is going to incent OPG to participate in a day-ahead market.**

We understand the undertaking relates to the question of whether the settlement of OPG's rate regulated resources would incentivize or disincentivize OPG's participation in a Day-Ahead Market (DAM) under the IESO's Market Renewal Program (MRP) design.

Under the renewed market, all participants with dispatchable generation resources that wish to offer in the real-time market will be required to offer into the DAM for corresponding dispatch days. This is because maximum quantities permitted to be offered in the real-time market will be determined based on DAM dispatch data. All participants with dispatchable generation resources are therefore incented to participate in DAM in this respect.

The IESO is able to continue the after-market application of the regulated rate to the real-time output of OPG's rate regulated resources under the renewed market. We are not aware of any economic incentive or disincentive to OPG's participation in the DAM that would arise as a result of that settlement treatment.

With respect to OPG's hydroelectric rate regulated resources, OPG and the IESO are working to develop a revised hydroelectric incentive mechanism (HIM) designed to optimize OPG's participation in the DAM and real-time markets. The HIM will be a subject of OPG's forthcoming MRP application, as referenced in the OEB's Decision on Issues List (EB-2020-0290) of May 20th, 2021, and the IESO would be prepared to make further submissions on the HIM as part of that proceeding.

Yours truly,

Michael Lyle

Michael Lyle
VP, Legal Resources & Corporate Governance