OSEA Interrogatory #12

Interrogatory

Reference: Exhibit H1-1-1, page 9

Preamble: In the MSP's January 2021 monitoring report, the Panel highlighted the reduction in Operating Reserve ("OR") offers from hydroelectric facilities in Ontario.[1]

1 Please provide the total OR offer volumes from OPG's rate regulated assets from 2014 to 2020.

Response

The annual total OR offer quantity from OPG's regulated hydroelectric facilities is provided in Chart 1.

Chart 1: Annual OR Offers at Regulated Hydroelectric Facilities

	2014	2015	2016	2017	2018	2019	2020
OR Volume (TWh)	38.0	37.0	37.1	36.1	28.2	19.9	22.3

These values represent OPG's maximum offered volume of OR, adjusted for the unidirectional, substitutive, class hierarchy of the three types of reserve (10S can be used for 10N and 30R, 10N can be used for 30R)[2] as reflected in OPG's applicable OR offer strategy.

OPG notes that the reduction of its OR volume offered to the market in the 2018-2020 period is related to OPG's removal of OR offers associated with "must-run" energy in order to best reflect its obligations to generate energy as a result of regulatory constraints at certain facilities. Before the change, this OR tranche was offered to the market; however, as stated in the MSP report, it was accompanied by offers at negative prices to ensure that the units are economically selected and scheduled in the energy market and not selected for OR.[3]

[1] Market Surveillance Panel Report 34: Monitoring Report on the IESO-Administered Electricity Markets dated January 2021, retrieved from: https://www.oeb.ca/sites/default/files/msp-monitoring-report-202101.pdf.
[2] Guide to Operating Reserve revised October, 2011, retrieved from https://www.ieso.ca/sector-participants/market-operations/marketplace-training/training-materials.
[3] Market Surveillance Panel Report 34: Monitoring Report on the IESO-Administered Electricity Markets dated January 2021, p. 67, retrieved from: https://www.oeb.ca/sites/default/files/msp-monitoring-report-202101.pdf.