

REPORT



Participant Priorities for Future Market Development

Consultation Report

Issue 1.0

This Consultation Report reflects the views expressed by *Market Participants* and other Stakeholders at the January 22, 2002 Stakeholder Workshop: Consultation on Priorities for Future Market Development

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1. Introduction

1.1 Purpose

To provide a summary of the comments made during, and results of the ballots provided at, the January 22, 2002 Consultation Workshop: Setting Future Priorities for Market Development attended by *Market Participants* and other stakeholders.

1.2 Scope

This report summarises the comments and input received by the *IMO* from the January 22, 2002 Consultation Workshop. While it does not provide in depth analysis of the issues or the comments provided by *Market Participants* and other stakeholders, it is a reflection of what the *IMO* heard during the January 22, 2002 Stakeholder workshop.

1.3 Who Should Use This Document

This consultation report document has been produced by the *IMO* as part of the ongoing process for creating a dialogue with *Market Participants* and other stakeholders on priorities for future development of the *IMO-administered markets*.

1.4 Conventions

The standard conventions followed for this document are as follows:

- Terms and acronyms used in this document that are *italicised* have the meanings ascribed thereto in Chapter 11 of the “Market Rules”;
- Double quotation marks are used to indicate titles of legislation, publications, forms and other documents.

– End of Section –

2. Background

On December 20, 2001 the *IMO* initiated a consultation process on market development priorities for the medium and long term. A workshop held on January 22, 2002 was attended by 112 delegates including *Market Participants* and other stakeholders representing residential and commercial consumers, environmental interests and the financial community.

The *IMO* and *Market Participants* are focused on May 1, 2002 – the date of market opening. The priority has been to complete the *market rules*, Production Environment Validation process activities, and prepare for the upcoming Coupled Operational Dry Run. The consultation on market development priorities looks beyond the current focus into the future and asks *Market Participants* and other stakeholders to prioritise the issues that they believe should be dealt with during the next phase of market development.

Based on past discussions at the *IMO Board*, the *Technical Panel*, and various stakeholder forums, the *IMO* has identified a number of broad market design ‘issues’ that were put forward for consideration on January 22, 2002. These issues were presented for discussion in the *IMO* staff paper [“Setting Priorities for the Evolution of the Market Design”](#) (‘Setting Priorities Paper’) and include:

- The *Energy Forward Market*
- The *Capacity Reserve Market*
- Locational Marginal Pricing
- A Capability for ‘Full Assignment’ of Physical Bilateral Contracts
- The Export of *Operating Reserve*
- Moving to Real Time Bidding
- Encouraging Dispatchability and Demand Side Responsiveness
- Transmission Expansion
- Introducing Markets in *Ancillary Services*

This list is intended to capture the main market design issues that need to be addressed over the next several years. It is intended to stimulate and promote conversation, and is not meant to be definitive.

It is critical to begin the next phase of market development with a clear and realistic ‘Vision’ of how we collectively – *Market Participants*, stakeholders, and the *IMO* – see the Ontario market evolving.

Important sections of the *market rules* have been deferred to after market commencement, such as the *Energy Forward Market* and the *Capacity Reserve Market*. A number of market development obligations have also been placed on the *IMO*. For example, the *IMO* is required to provide recommendations on the need for locational pricing, the form it should take (nodal or zonal) and the implementation timetable that should be used.

A number of resolutions have been adopted by the *IMO Board* which require the *IMO* to review certain rule-related issues following market commencement. The *IMO* is to consider the development of a capability to export *operating reserve* and of a capability to transfer all bill components from buyers to sellers under *physical bilateral contracts*.

Market development priorities will be affected by resource (e.g. staff) availability as well as a number of other factors. While every effort has been made to ensure a smooth opening of the market, experience elsewhere suggests that significant resources will be required to manage and fine-tune the opening-day market.

The *IMO's* development plans will also be affected by the current events taking place in the United States. The Federal Energy Regulatory Commission (FERC) is seeking the establishment of large Regional Transmission Organisations (RTOs) in the US and is contemplating a Standard Market Design. These US initiatives will affect the *IMO's* business environment.

The *IMO* is also a participant in the *North American Electric Reliability Council (NERC)* and a member of the *Northeast Power Co-ordinating Council (NPCC)*. Commitments to the *reliability standards* and business practices developed by these authorities, as well as direct commitments to other *control area operators*, may constrain the *IMO's* choices in regard to market development.

In addition the economic outlook will also affect how the *IMO, Market Participants* and other stakeholders view the priorities for market development.

– End of Section –

3. Process

The invitees to the conference were asked to review the *IMO* Setting Priorities Paper and rank the nine potential priority issues set out therein. On December 20, 2002 the paper was placed on the *IMO* Web site for review by *Market Participants* and other stakeholders. Invitations were sent directly to *Market Participants* and other stakeholders in early January along with an Agenda and the Priorities Ballot that all attendees were asked to complete.

The *IMO* also invited written comments from *Market Participants* and other stakeholders. Nine parties took the opportunity to provide submissions: Collingwood Utility Service, Great Lakes Power Limited, Hydro One, the Independent Power Producers' Society of Ontario, Mirant New England, Inc., Ontario Clean Air Alliance, Ontario Power Generation, Rob Cary – Independent Consultant and Sithe Energies, Inc.

The *Market Participants* and stakeholders who were invited to the workshop were asked to complete a 'Priorities Ballot' indicating their ranking of potential priority issues facing the *IMO* in the medium to long term following market opening. In addition several *Market Participants* and stakeholders expressed their views during an open mike session which provided further insight into their prioritisation of the issues.

– End of Section –

4. Objectives

The *IMO*'s objectives for initiating these consultations include:

- Giving *Market Participants* and stakeholders an effective means to voice their views on the evolution of their market,
- Providing *Market Participants* and stakeholders with an opportunity to give the *IMO* feedback regarding this consultation and future consultations, and
- Obtaining information on the priorities of *Market Participants* and other stakeholders.

– **End of Section** –

5. Results

5.1 Overall Results

Figure 5-1 shows the ballot results ranked by the percentage of votes for each issue. Locational Marginal Pricing received the most votes and is represented by the bar on the far left of the graph in Figure 5-1. Of the nine issues presented in the Setting Priorities Paper ‘Moving to Real Time Bids’ received the least votes and is represented in Figure 5-1 by the ninth bar from the left (approximately the middle of the graph). The issues listed on the right hand side of Figure 5-1 are represented by the bars in the graph (Locational Marginal Pricing being the first from the left, *Energy Forward Markets* being the second and so on).

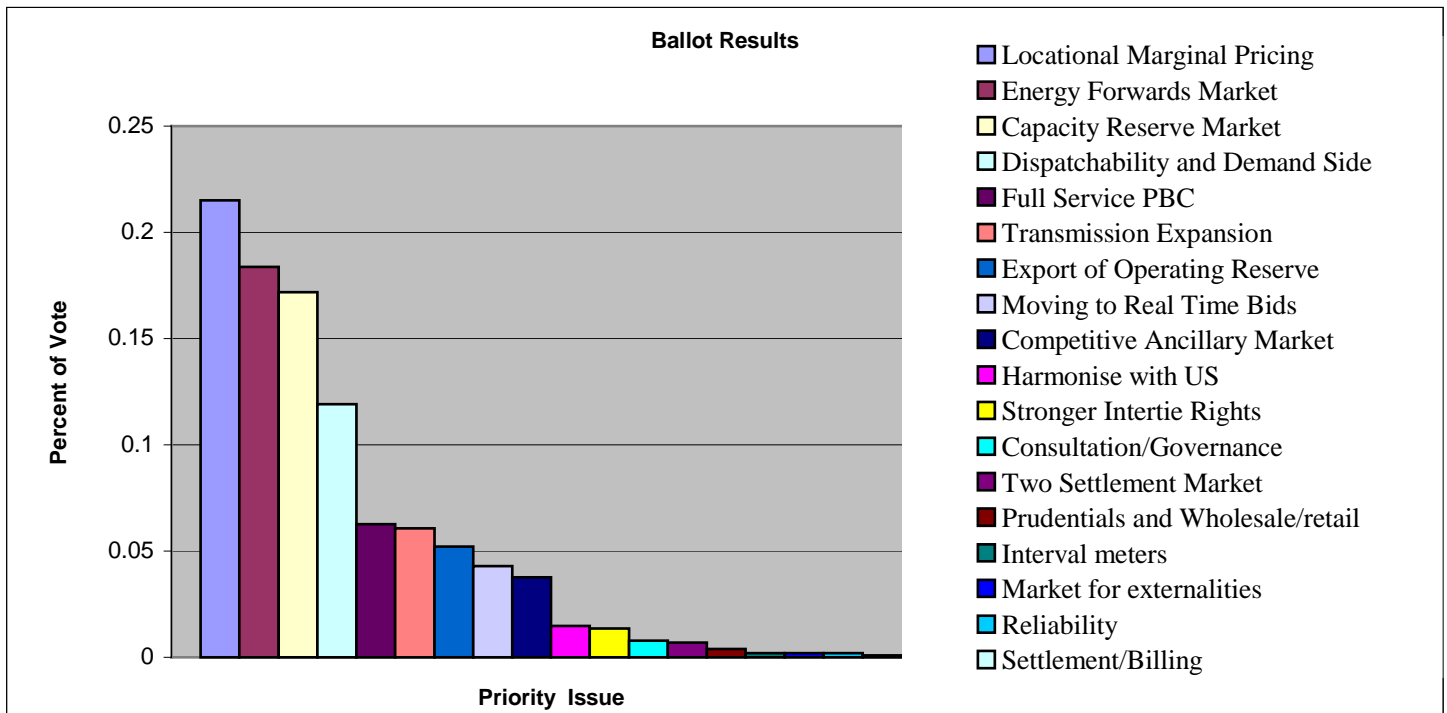


Figure 5–1: Ballot Results

A review of the ballots and the comments made during the workshop are summarised below. Of the 80 companies and organisations in attendance, 51 submitted Priorities Ballots. There is a significant difference between the top 4 priorities and all those ranked lower as can be seen in Figure 5-1. This Consultation Report will focus on the top 4 priorities indicated during the stakeholder workshop. In addition, other issues that were ranked high by a *Market Participant* class and issues that were raised during the workshop will also be briefly discussed. The rankings and actual votes made by issue and by participant class are included in the appendix.

5.2 Locational Marginal Pricing

Locational Marginal Pricing (LMP) was the issue that received the most votes and garnered 1090.4 votes of a possible 5070, over 21% of the total vote. It was the only priority issue that was within the top three across all classes of *Market Participant* and other stakeholders.

5.2.1 Reasons Why LMP was Chosen as a Top Priority

Many *Market Participants* and stakeholders indicated that LMP was a top priority in order to:

- Drive/signal efficient/proper/appropriate investment.
- ‘Pressure’ *transmitters* to reduce congestion.
- Promote efficient generation and transmission.
- Provide stimulation on a regional basis.
- Reduce incentives to game constrained on and off payments.
- Encourage demand response by providing proper price signals.
- Send appropriate investment signals and allow *Market Participants* to manage price risk among *generators*, loads and *inertias*.
- LMP is important to forward trading and hedging.

5.2.2 How LMP Should be Implemented

LMP for the *IMO* grid should:

- Use similar systems as are being developed in the Northeast US, allowing costs to be minimised.
- Consider the effect on *generators* so that it does not disadvantage any particular *generator*.
- Use nodal pricing for generation and zonal pricing for load.
- Allow loads to choose a node for pricing if they wish.
- Create one or more ‘hubs’ to help standardise trading.

5.2.3 When Should LMP be Implemented

Comments indicated that:

- Current plans are reasonable for the implementation of LMP (a 12-month timeline).
- A firm commitment and a time frame regarding LMP would benefit the market and the *market rules* do not have a firm commitment on when the move to LMP would be made.
- A quick decision is needed regarding whether nodal or zonal pricing will be used.
- An early decision on LMP following the first year review is needed to allow parties to enter long-term contract arrangements.

- There must be clarity in any LMP implementation in order to allow contracting.
- Timing is critical as LMP (along with the implementation of a *Capacity Reserve Market*) could impact the value of OPG decontrol assets.

5.2.4 Cautions and Other Considerations

Comments included:

- A stakeholding process is needed to determine how LMP is implemented and to determine what zones will be used.
- An unfortunate consequence of LMP would be the penalisation of customers in ‘have not’ areas.

5.3 Energy Forward Market

The development of an *Energy Forward Market (EFM)* ranked second overall with a vote of 932 out of 5070 for 18.4% of the total vote. *Wholesale Sellers, Wholesale Consumers* and *Financial Market Participants* all ranked *Energy Forward Markets* as their number one priority. *Retailers* and *Generators* ranked it second. *Distributors* ranked it fourth and *Transmitters* ranked it fifth.

There was some confusion surrounding this issue and the debate needs to be refocused on the separate issues of the current Day Ahead Market as envisioned by the *market rules* and longer term Energy Forwards. This confusion arose in part because of the separate Forward Market Survey that was distributed with the Stakeholder Workshop material – this survey deals with the latter concept of a longer term financial Energy Forwards Market rather than the Day Ahead Market envisioned in the *market rules*. The discussion, in this report, will focus on the Day Ahead *EFM* as contemplated in the *market rules*.

5.3.1 Reasons Why EFM was Identified as a Top Priority

Many commentators indicated that load management was a top concern that could be addressed through an *EFM*, they indicated that:

- A financial commitment market is needed to give customers a real price signal and allow customers to benefit from avoiding price spikes.
- Assuming there is liquidity, it can provide *consumers* with price transparency.
- It would allow price discovery.

Many comments indicated that a Day Ahead Market (especially a two-settlement model) would provide *reliability* and stability in pricing and that it would allow *Market Participants* to manage price risk, comments were as follows:

- Locking in a large proportion of transactions would provide operating stability resulting in efficient *dispatch*.
- The Day-Ahead *EFM* will provide market discipline – removing the need for rules to deal with bidding behaviour.

5.3.2 How EFM Should be Implemented

There were many comments on how an *EFM* should be implemented.

- The Day Ahead Market should be a direct *IMO* responsibility and longer-term products could be left to the market to develop.
- *IMO* responsibility makes sense because of the close connection between unit commitment and scheduling functions and the *IMO's* real time *reliability* responsibilities.
- A two-settlement market should be implemented to the extent that it is required to match other jurisdictions [e.g. the US Northeast].
- A move towards a two-settlement model with generation commitment to allow load side participation was thought to make more sense than the current Day Ahead model.
- A study of a two-settlement market should be undertaken to look at what wholesale market tools would be required and its interaction with *distributor* functions.
- The day ahead *EFM* should be voluntary.
- The *EFM* should be mandatory.
- Ensure that the day ahead *EFM* can accommodate bilateral schedules, and that it be fully audit-able with public disclosure of the logic and algorithms.

5.3.3 When should EFM be Implemented

More than one commentator indicated that a Day Ahead Market needs to be developed ASAP. One commentator indicated that the *EFM* should be implemented as soon as practicable notwithstanding the current 'indefinite' deferral. The same commentator indicated that a declaration of intent and date for implementation should be made as early as possible.

5.3.4 Cautions and other Considerations

Several comments indicated that a two-settlement model that would be co-ordinated with US markets should be implemented.

One comment referred to the inefficiency of the New England single settlement model and its substantial 'uplift' costs as an argument against the current design.

5.4 Capacity Reserve Market

The implementation of a *Capacity Reserve Market (CRM)* was third overall with a vote of 871.4 out of a possible 5070 for 17.2% of the vote. *Generators* chose this item as their number one priority. The 'Other' stakeholders ranked it in second place. *Wholesale Sellers, Wholesale Consumers, Retailers* and *Financial Market Participants* all ranked it third. *Transmitters* and *Distributors* ranked it much lower in 5th place.

5.4.1 Reasons Why CRM was Chosen as a Top Priority

The most common indication for why the implementation of a *CRM* was given a high priority was that it would help avoid price volatility and extreme price excursions. As another commentator stated it would avoid severe demand/supply crunches and extreme price excursions.

Other reasons for choosing *CRM* were expressed as follows:

- It would promote investment.
- *CRM* provides a mechanism that can be capitalised, volatility cannot be capitalised.
- It would ensure price signals occur well ahead of the time when investment decisions need to be made.
- In situations where there is a price cap, as there is in Ontario, there needs to be a mechanism to deal with generation shortage.
- It would also provide an incentive to invest in the right place.
- The implementation of *CRM* would allow a mechanism to recover fixed investments [in *generation capacity*].

Another common theme was the time lag between market signals and when generation could be built, as one commentator stated: ‘if you wait until you need it then the lead-time required is likely to lead to a disastrous situation.’ Another attendee likened the potential outcome to the situation that developed in California.

5.4.2 How CRM should be Implemented

Several commentators indicated that the implementation of *CRM* should be consistent with other markets in the Northeast to allow cross border trading.

Other statements regarding implementation included the following:

- The current *CRM* in the *market rules* provides a solid foundation for an efficient and fully functional *CRM*.
- An obligation should be placed on load serving entities to obtain sufficient capacity to meet their peak load plus reserves. This places the responsibility to ensure *reliability* on *Market Participants* who have committed to serving a particular load and will allow the *IMO* to focus on administering the market.
- The primary means of dealing with *capacity reserve* would be through bilateral contracts with a mechanism (like an auction) to clear residual demand and reveal a *market price*.
- Presume load *bids* are more effective than generation *bids*, somehow reflected in the reserve margin calculation.
- *CRM* should not be for export.

5.4.3 When should CRM be Implemented

Comments on timing covered the entire spectrum of possibilities – some indicated that *CRM* needed to be implemented immediately, others indicated that the current 12–18 month plan was reasonable, and some believe that *CRM* should never be implemented. One commentator noted that if investment in generation were wanted 3 to 4 years down the road, then those investors would need to see *CRM* as a commitment going forwards now.

One commentator indicated that a definition of *CRM* and a time frame for implementation was a first priority. Another comment indicated that an early commitment and defined time lines for the implementation of *CRM* would provide investors with confidence in pursuing investment while an ‘interim’ or ‘temporary measures’ approach would not induce investments.

5.4.4 Cautions and Other Considerations

Cautions include the following:

- The *energy* only market is the best solution and would provide the most benefit to *consumers*.
- A successful *energy* only market would stimulate investment and a *CRM* could be developed later if increases in investment and demand required it.
- The *energy* only market is best with some adjustments to help dispatchability and promote elasticity.
- *CRM* would not necessarily encourage investment and may provide a disincentive for investment in smaller *facilities* (that may have fewer externalities) and non-dispatchable *generators* (e.g. renewables).
- An early determination of whether *CRM* would be implemented is required, as it (along with Locational Marginal Pricing) would have an impact on the valuation of OPG’s decontrol assets.

5.5 Encouraging Dispatchability and Demand Side Responsiveness

This issue ranked fourth overall with 603.9 votes out of 5070 representing 11.9% of the total vote. This issue was just about double the fifth placed issue that had 317.2 votes for 6.3% of the total vote. *Distributors* were the only class of *Market Participant* that ranked it as number one. *Wholesale Consumers* also attached importance to this issue by ranking it fourth. The remainder of *Market Participant* classes and other stakeholders ranked it from fifth to eighth place.

5.5.1 Reasons why Encouraging Dispatchability and Demand Side Responsiveness was Chosen as a Top Priority

By encouraging Dispatchability and Demand Side Responsiveness the commentators state that we will:

- Improve overall market efficiency.
- Provide stability, *reliability* and a fair/equitable price.
- Reduce price volatility.
- Lower price through negative generation.

Other reasons that were mentioned for pursuing this issue included:

- The majority of demand is not ‘time of use’.
- Maintenance of present systems, through improving dispatchability and demand side response, is relatively lower cost than building new generation or transmission capacity.

5.5.2 How Encouraging Dispatchability and Demand Side Responsiveness should be Implemented

All commentators agreed that some mechanism had to be put in place to allow load to respond to pricing. The following is representative of the comments received:

- Incentives needed to be put in place.
- Present incentives are not adequate to entice industrial loads to relinquish control over production timing.
- The current ‘interruptible contract’ needs to be replaced by a program that allows loads to be compensated for response to prices.
- Allowing load to *bid* into the day ahead *EFM* would promote demand response.
- A system that would provide credit for mass-market *dispatchable load* is necessary.

Other comments included:

- The cost of providing interval *meters* could be covered by foregoing the development of a *Capacity Reserve Market* (interval *meters* were referred to several times during the workshop).
- Load management is looked at as distributed capacity throughout the US and Ontario.
- Central co-ordination is needed and the responsibility for Load Management needs to be placed on the *IMO*, the *OEB*, or the government.

5.5.3 When should Encouraging Dispatchability and Demand Side Responsiveness be Implemented

Many commentators viewed the encouragement of Dispatchability and Demand Side Responsiveness as a critical short-term issue, comments included:

- How could you have a competitive market without a demand side?
- Any resources available for market evolution should go first to encouraging Dispatchability and Demand Side Responsiveness.

5.5.4 Cautions and Other Considerations

One commentator indicated that there are two areas involved – retail and wholesale – and retail issues will be handled by the *OEB*. The same commentator indicated that interruptible and *dispatchable load* is being hidden – loads will look at prices and self dispatch.

Another commentator indicated that there are many load management capabilities already in existence and that we have to look at what is already out there to encourage Dispatchability and Demand Side Responsiveness.

One commentator stated that deregulation in the US has shown that it takes years to re-institute load management if not implemented from the outset.

5.6 Other Issues and Important Considerations

The following issues and considerations did not rank within the overall top four choices of the *Market Participants* and other stakeholders who submitted ballots. These issues fall into two categories: they either received a top one ranking by at least one *Market Participant* class, or they were mentioned by several attendees as a potential priority issue that was not included in the list of issues for discussion (see Background page 2).

5.6.1 Transmission

Transmission expansion was sixth overall with a vote of 308.1 out of a possible 5070, or 6.1% of the total vote. *Transmitters* and *Distributors* ranked this issue as first and third respectively. All other *Market Participants* and stakeholders ranked this issue as sixth or lower.

The following is a recitation of the many comments received concerning Transmission issues:

- The *IMO* should facilitate without managing this area.
- Merchant transmission is untested and unproven.
- This issue is a long-term issue and not a mid-term issue and it should be included in the strategic future plan of the *IMO*.
- Expansion should only be allowed when supply is far exceeding *demand*.
- Transmission expansion should be particularly to accommodate trade from US.
- It should be addressed after the implementation of Locational Marginal Pricing.
- The focus should be on grid *reliability*.
- A better mechanism for transmission expansion is needed and that it is critical to the effective functioning of the market.

Cautions included the following:

- Transmission expansion has not kept pace with system peak load growth over time.
- There is potential for congestion to increase rapidly once the market is opened to competition.

- The lead-time for transmission programs are typically longer than for generation projects and a mechanism needs to be in place to provide the appropriate signals.
- The *IMO* should avoid making judgements about solutions to congestion problems – besides transmission expansion lower cost solutions may include generation investment or demand response initiatives.

5.6.2 Harmonisation with the US

This item is related to *inertie* rights as well as two-settlement markets, and arose as a substantial concern among *Market Participants* and stakeholders at the workshop. This issue affects, and is affected by, many of the issues identified as potential ‘high priority’ items in this report as well as the Setting Priorities Paper.

Harmonisation with the US Northeast was mentioned in reference to the implementation of a Day Ahead market, Locational Marginal Pricing and the implementation of *Capacity Reserve Markets*. During the open mike session it was suggested that the *IMO* evaluate future FERC rules regarding the standard market design as they are developed to determine whether they fall within 3 categories: must implement, no need to implement, and an intermediate category that makes sense to implement.

One speaker at the consultation session called upon *Market Participants* and other stakeholders to help counter the public fears of open borders for electricity trading. He indicated that the benefits of open borders were not well recognised by the public and that those in attendance needed to speak out to educate the public.

Several commentators noted that electricity and various products (*Capacity Reserve, Operating Reserve* and *Ancillary Services*) needed to be able to move freely across the borders. This would, it was argued, benefit Ontario *consumers* and make the market structure more robust as indicated by the following comments:

- Improved inter regional trade provides cost savings to both sides of a ‘seam’ – to both the higher and lower cost energy producer.
- Open borders would provide liquidity and there is a potential liquidity problem in the Ontario market.
- Harmonisation with the US would be a way for Ontario to keep the costs of developing its market lower (in reference to the implementation of Locational Marginal Pricing).
- Ontario’s integration with the Northeast US and its eventual inclusion in a Northeast RTO will provide the greatest market liquidity and efficiency and provide the greatest benefit to Ontario *consumers*.
- Reducing seams issues leads to better integration with regional markets and is necessary to reduce market power in Ontario.
- It is important for the *IMO* to represent Ontario interests in US forums.
- Recent *market rule* changes addressing cross border trading are positive but are stopgaps and a complete review of cross border trade is needed.

5.6.3 Intertie Rights

Several speakers noted the need for firmer physical *intertie* rights. One comment indicated that this was not wholly within *IMO* control but must be negotiated at a higher political level. *Intertie* issues, it was suggested, including scheduling, tagging, price guarantees and removal of gaming opportunities, required as much attention as other 'high priority' issues.

5.6.4 Two-Settlement Market

Several (6 of 18) speakers called on the *IMO* to implement a two-settlement market to match the operations in the US Northeast. Several speakers said that it should be tied with unit/generation commitment while others disagreed and indicated that there should be no unit commitment.

5.7 Conclusion and Evaluation

The *IMO* was impressed by the response to the January 22, 2002 workshop on Setting Priorities. The *IMO* is grateful for the time, effort and contribution of *Market Participants* and other stakeholders at a time when the primary focus is on market opening.

Many *Market Participants* and stakeholders applauded the efforts of the *IMO* for initiating this consultation process. One of the key messages resulting from the workshop was that a system of ongoing consultation with a broad base of *Market Participants* and stakeholders is needed.

To gauge the effectiveness of the consultation itself, we also asked delegates to complete an evaluation form regarding the consultation. The vast majority of delegates (9 out of 10) who completed the evaluation forms (54 of 112 delegates) agreed or strongly agreed that the workshop was effective. The majority (8 out of 10) agreed that restricting attendance to *Market Participants* and identified stakeholders was appropriate. A minority (2 out of 10) felt there was insufficient time for networking.

– End of Section –

6. Next Steps

The next step in this process is the development of a draft multi-year work-plan for managing the issues over the medium term. This ‘straw’ work-plan will put forward broad objectives, outline the work to be done, identify milestones, and suggest some tentative timelines for starting and completing the main tasks. The plan will provide a clear sense of direction, but be flexible enough to allow changes in response to changing circumstances.

Around the time of market opening the *IMO* will circulate a proposed time line highlighting market development initiatives at a high level. The *IMO* will seek comment and input on the time line and plan a forum to obtain further input from *Market Participants* and other stakeholders.

As the Market Evolution work-plan is refined the *IMO* will engage *Market Participants* and other stakeholders in a discussion on the various issues and seek their feedback at a more detailed level. In addition, the *IMO* will use the representative bodies already in place (*IMO Board, Technical Panel, and Technical Advisory Team*) to obtain input and direction regarding the work-plan.

– End of Section –

Appendix A: Delegates and Attendees

In response to the invitation to attend the January 22, 2002 stakeholder workshop, we received 112 registrations that represented 80 companies and organisations including a number of staff from government who attended as observers. The companies and organisations identified themselves as follows (note that several companies fall within more than one class):

Wholesale Consumers	36
Wholesale Sellers	26
Financial Market Participants	23
Generators	13
Retailers	13
Distributors	12
Transmitters	03
Consultants	07
Associations	06
Government	03
Financial Sector	03
Government	03

– End of Section –

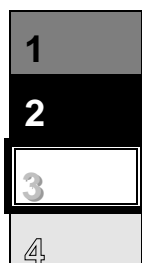
Appendix B: Legend and Explanatory Notes for Table 1 and Table 2

Participant Classes (as defined in *Market Rules* Ch. 1, s. 6):

- T – Transmitter
- D – Distributor
- FMP – Financial Market Participant
- WS – Wholesale Seller
- WC – Wholesale Consumer
- R – Retailer
- G – Generator

Other – In this case there were four organisations that were classified as ‘Other’ including two consulting firms and two associations which represented commercial and retail *consumers* respectively. (Other is not a defined participant class in Ch. 1, s. 6)

Table 1 represents the relative rank of each potential priority issue overall and by *Market Participant* class. The table is shaded according to the top four rankings: number 1 is shaded a dark grey with a black number; number 2 is shaded black with a white number; number 3 is outlined with a heavy black line with a light grey number; and, number 4 is shaded a light grey with an outlined number. As follows:



This same format is mirrored for Table 2, which has the actual number of votes (rather than rank) for each issue overall and by *Market Participant* class.

Most *Market Participants* fall within more than one class, of the 51 organisations that completed Ballots. Four were not *Market Participants*. Of the *Market Participants* 21 fell within one class and 26 fell within two or more classes. Of the 26 *Market Participants* that fell within more than one class the average number of classes was 3.12 – two fell within five classes, five fell within four classes, thirteen fell within three classes, and six fell within two classes.

Although 51 ballots were completed the actual number of votes is 5070 rather than 5100. This is because one ballot contained only 70 votes and not 100. There are also decimals used in many cases – this was necessitated by a few ballots containing more than 100 votes which were recalculated so that the total would be proportionate but contain only 100 votes. This led to fractional votes in some instances. In addition a few parties submitted two ballots for the same *Market Participant* or stakeholder – these ballots were averaged out. This also led to fractional votes in some instances.

– End of Section –

Appendix C: Table 1

Table 1 : Analysis of Priority Ballots – by ranking

Identified Issue	Participant Class (Votes per Class)								
	All 5070	T 200	D 1100	G 1000	WS 2200	WC 2670	R 1300	FMP 1700	Other 400
Locational Pricing	1	1/2	2	3	2	2	1	2	3
Energy Forwards	2	5/6/7/8 /9	4	2	1	1	2	1	1
Capacity Reserve	3	5/6/7/8 /9	5	1	3	3	3	3	2
Dispatchability/ Demand Side	4	5/6/7/8 /9	1	8	5	4	8/9	6	5
Full Service PBC	5	5/6/7/8 /9	6	7	6	5	5	5	9
Transmission Expansion	6	1/2	3	9	9	6	8/9	10	6
Export of OR	7	5/6/7/8 /9	7	5/6	4	7	4	4	
Real Time Bids	8	3	9	4	7/8	9	6	7	
Ancillary Markets	9	4	8	5/6	7/8	8	7	8	8
Harmonisation with US	10				13	13		13	4
Intertie Rights	11			10	10	10	11	9	
Consultation/ Governance	12				11	11		11	
2 Settlement	13				12	12	10	12	
Prudentials and wholesale retail	14						12		
Interval meters	15/16/ 17			11		14/ 15	13		
Externalities	15/16/ 17								7
Reliability	15/16/ 17					14/ 15			
Settlement / Billing	18				14	16		14	

–End of Section–

Appendix D: Table 2

Table 2 : Analysis of Priority Ballots – by vote

Identified Issue	Participant Class (Votes per Class)								
	All	T	D	G	WS	WC	R	FMP	Other
Locational Pricing	1090.4	60	282	155	392.5	558.4	260	297.1	65
Energy Forwards	932	5	90	193	500.5	572	258	445.1	115
Capacity Reserve	871.4	5	87.5	238	373	423.4	198	192.5	83
Dispatchability/ Demand Side	603.9	5	285	45	147	273.9	57	104.5	45
Full Service PBC	317.2	5	62	65	122.5	223.2	110	124.3	2
Transmission Expansion	308.1	60	121	40	88	152.1	57	58.7	20
Export of OR	264.4	5	60	70	187.5	114.4	111	141.5	0
Real Time Bids	217.6	35	70	75	112.5	82.6	80	90.7	0
Comp. Ancillary Markets	191	20	42.5	70	112.5	86	70	81.6	5
Harmonisation with US	75	0	0	0	20	20	0	20	55
Intertie Rights	69	0	0	39	64	64	34	64	0
Consultation/Governance	40	0	0	0	40	40	0	40	0
2 Settlement	35	0	0	0	35	35	35	35	0
Prudentials and wholesale retail	20	0	0	0	0	0	20	0	0
Interval meters	10	0	0	10	0	10	10	0	0
Externalities Markets	10	0	0	0	0	0	0	0	10
Reliability	10	0	0	0	0	10	0	0	0
Settlement / Billing	5	0	0	0	5	5	0	5	0
Total Votes	5070	200	1100	1000	2200	2670	1300	1700	400

– End of Section –

References

Document Name	Document ID
Market Rules	MPD_RUL_0002
Setting Priorities for the Evolution of Market Design	IMO_TOR_0002

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