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**Market Surveillance Panel ("MSP")  
Independent Electricity Market Operator**

655 Bay Street, Suite 410  
P.O. Box 1, Toronto, ON  
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**Subject: Comments on Congestion Management Settlement Credits ("CMSC")**

Dear *MSP*,

HQ Energy Marketing ("*HQEM*") thanks the *MSP* for the opportunity to provide comments on issues related to ending constrained-off payments to generators and importers.

On a general note, as the *MSP* Paper clearly states, ending constrained off payments will raise prices to consumers, which is certainly not an appropriate result in today's circumstances.

The consultation brought forward by the *MSP* shows prejudice to generators and importers and still falls short of addressing fundamental issues such as actual implementation of Locational Marginal Pricing ("*LMP*") and therefore still impedes transmission planning.

Constrained off payments are presently an essential part of Ontario's uniform pricing design. The Market Design Committee included both constrained on and constrained off payments in developing a fair method for establishing a uniform price. Constrained off payments appropriately recognize that the existing configuration of generation and transmission is a legacy of the former integrated monopoly structure. At least until a decision is made on the future of *LMP* in Ontario, no fundamental changes should be made to the current system of uniform price determination.

Ending constrained off payments will increase importer risk and reduce revenues, both of which will discourage actual and new importers from injecting in Ontario. Moreover, simply ending constrained off payments would exemplify the type of market changes that create regulatory instability.

Instead of addressing transmission planning issues with *LMP*, the *MSP* rather sidestepped its way around by pinpointing generators and importers as the appropriate parties to address transmission planning issues. Responsibility for transmission planning rests with the Hydro One, the *OEB* and the *IMO*. Generators, like many other participants, face significant restrictions in their ability to invest in transmission.

To the extent that some constrained off payments opened up opportunities for gaming, the *IMO* shall buttress its mitigation authority for uncovering such questioning *CMSC* payments.

In conclusion, if there are specific features of the market that cause unwarranted constrained off payments, these should be fully explained by the *IMO*, their impact analyzed and changes proposed to address them should be considered at the Market Operations Standing Committee.

Sylvain Gignac  
**Senior Advisor**