

November 22, 2007: Status of the Market Power Framework

Earlier this year the Market Surveillance Panel conducted a consultation on a Proposed Framework for Identification of the Exercise of Market Power in the IESO-Administered Markets¹. This included several interactive meetings with interested stakeholders and a request for comments on this issue. We appreciated the comments we received verbally at those meetings and subsequently in written form. The written comments questioned a large range of issues in the proposed framework, with some of these being quite fundamental and significant in their nature.

Consequently the Panel has been undertaking a thorough review of the framework, including reviewing the various issues identified. Foremost amongst these were the issues of impacts and effect of a framework on market participants, the distinction between exercises of market power and abuse, distinctions between scarcity and pricing-up (as defined in the proposal), and finally the role of daily and hourly assessments versus annual or longer term assessments.

Given the large number of issues, their fundamental nature, and not wishing to impose unnecessary regulatory costs on market participants, the Panel continues to explore these questions. This process was not completed prior to the Panel commencing work on its May – October 2007 semi-annual report and will be dealt with in the new year.

The Market Surveillance Panel, a Panel of the Ontario Energy Board, monitors, investigates and reports on activities and behaviour in the IESO-administered markets in Ontario's electricity sector.

¹ All consultation documents are available at http://www.oeb.gov.on.ca/html/en/industryrelations/msp_marketpowerframework.htm
For a copy of the Proposed Framework document see http://www.oeb.gov.on.ca/documents/msp/market_power_framework/market_power_framework_discussion_paper_011206.pdf