

Proposal for Revision to Market Monitoring Reporting

Summary of Proposed Changes

Currently, the MSP Monitoring Reports are produced twice yearly, covering six-month summer and winter periods. These reports currently comprise:

- i) Chapter 1 - detailed data and analysis of market results and trends,
- ii) Chapter 2 - detailed forensic analyses of anomalous outcomes (i.e. very high or low prices or high uplifts),
- iii) Chapter 3 - reviews, sometimes with in-depth analytical assessments, of newly emerging matters significantly affecting the market or updates on matters previously reviewed,
- iv) Chapter 4 - overall assessment of the state of the market, as well as commentary on significant future-directed market design issues, as well as a summary of current MSP recommendations and the implementation status of previous recommendations.

The MSP is proposing to reduce the breadth and depth of its semi-annual reports. Under the proposed changes, much of the above information and analysis would continue to be delivered to stakeholders, but the timing and level of detail would be modified, allowing some reduction in the effort to produce these reports.

Overview of Revised Monitoring and Reporting

There would be two reports produced annually:

- The shorter summer report would focus on monitoring activities of the prior six months, which would summarize reports provided by the MAU to MSP, and referrals of issues to other parties (primarily the IESO) in respect of both anomalous events and other emerging matters significant to the market.
- The more comprehensive winter report would be the required annual report on the state of the market, covering similar types of information and reporting as currently performed, although there would be less detailed statistical information and less detailed assessment in some areas. It would also include reviews of events in the six month period, like the mid-year report.

In the sections below we review the current MSP reporting practice and the proposed changes for each chapter of the report, as well as the Statistical Appendix and Executive Summary.

Executive Summary

An Executive Summary was added at the request of stakeholders. This has been seen as a valuable addition to the reports, and will be continued.

Chapter 1

The MSP currently includes in Chapter 1 of each report detailed current versus prior year, as well as some longer-term (since market opening), analysis of various measures relating to Prices, Demand, Supply and Imports/Exports. This includes coverage of Operating Reserve prices, as well as intertie congestion and energy prices and the resulting transmission rights payments.

Under the proposed revisions, Chapter 1 would be produced for a full 12 month period. Several sections of the chapter would be dropped, where analysis that may have been valuable in earlier years to explain some trends or changes in market results no longer provide as much new information or understanding of the market results.

The proposed Chapter 1 would include sections on:

- Pricing
 - Ontario Energy Price, Price Setters, One-hour Ahead Pre-dispatch Price, Uplift Components, Zonal prices and CMSC, and Operating Reserve Price,
- Demand
 - Aggregate, Wholesale and LDC consumption
- Supply:
 - New Generating Facilities, Supply cushion, Outages, and Fuel Prices,
- Imports and Exports
 - Volumes, Congestion, Wholesale electricity prices in neighbouring markets

Detailed reporting in the following areas would be reduced or eliminated:

- Three-hour Ahead Pre-Dispatch Price, and the detailed assessment of Reasons for Differences between it and One-Hour Ahead Pre-dispatch Price and HOEP
- Analyzing Year-over-Year Changes in the HOEP
- A Comparison of HOEP and Richview Nodal Prices
- Supply Curve
- Energy Price Equivalent Heat Rate
- Net Revenue Analysis
- Congestion Rent
- Analysis of Determinants of Exports from Ontario to New York and Michigan

Chapter 2

The MSP currently includes an analysis of anomalous events in Chapter 2. This includes a detailed analysis of individual high-priced hours (HOEP > \$200/hr) as well as a statistical analysis of low-priced hours (HOEP < \$20/hr) and summaries of other anomalous events (e.g. hours with large uplifts).

The proposed Chapter 2 would continue to be produced with the same frequency, every six months, and would cover the same types of anomalous events. However, rather than detailed analysis, there would be a summary description of the event. Only if the event is not simply the result of normal supply and demand forces (such as outages or demand changes), would there be more in-depth reporting to explain the event.

Note that normal market monitoring will continue as a daily function by the MAU and other IESO staff. To a large extent, the material in Chapter 2 would be a summary or synopsis of ongoing internal reports from the MAU to the MSP, which followed from such daily monitoring. If the reports to the MSP identify unusual situations which could be addressed by the IESO (or other organizations), the MSP can refer such matters shortly after they are identified. A referral to the IESO would normally be reported in Chapter 2.

Chapter 3

The MSP currently provides detailed analysis of ongoing and new matters in Chapter 3 which are having a significant effect on the market (e.g. changes in sources of supply such as wind expansion or coal phase-out, changes to demand conditions such as demand response programs, incentives in contracts, regulatory structures and programs such as CMSC, and seam issues) and makes recommendations to the IESO or other agencies or market participants relating to market efficiency (as well as abuse of market power or gaming, if observed).

Under the revised reporting approach being proposed, this chapter would not change substantially, except that the number and extent of these topics and analyses would be reduced. There would continue to be a semi-annual report on such matters. The analyses would cover subjects similar to those mentioned in the previous paragraph, but there would be fewer of these analyses in each report.

Chapter 4

Chapter 4 represents an overall assessment of the state of the market, and usually has included a commentary on one or two significant future-directed market design issues. It also contains a summary of recommendations proposed elsewhere in the current report and status update of earlier MSP recommendations.

In future, it is proposed that the state of the market assessment be part of the annual report only. There would be less summarizing of the actual market outcomes (the high-level statistics), but it would continue to summarize any major monitoring activities including referrals and any

recommendations to the IESO or others. Prioritization of current recommendations and follow-up on prior recommendations would continue. MSP comments on the evolution of some aspect of the high level market design or structure will be included in Chapter 3.

Statistical Appendix

The statistical appendix represents a significant amount of work to produce. Much of the information contained is available through other IESO reports. The Panel's proposal is to discontinue providing this material. However, there may be some useful information that is not available in any other form. The Panel is requesting that market participants identify which specific information is of value to participant processes and is not available elsewhere.

Revised Monitoring Report – Table of Contents

Executive Summary NO CHANGE

Chapter 1: Market Outcomes May 2009-April 2010 PROVIDED ANNUALLY

1. Highlights of Market Indicators

1.1 Pricing.....NO CHANGE

1.2 Demand..... NO CHANGE

1.3 Supply.....NO CHANGE

1.4 Imports and Exports.....NO CHANGE

2. Pricing

2.1 Ontario Energy Price.....MINIMAL CHANGE

2.1.1 Load-weighted HOEP

2.1.2 Impact of the Global Adjustment and the OPG Rebate on the Effective Price

2.2 Price Setters NO CHANGE

2.2.1 Real-time Price Setters

2.2.2 Pre-dispatch Price Setters

2.3 One-Hour and Three-Hour Ahead Pre-dispatch Prices and HOEP

2.3.1 One-hour Ahead Pre-dispatch Price.....NO CHANGE

2.3.2 Three-hour Ahead Pre-dispatch Price..... NO LONGER PROVIDED

2.3.3 Reasons for Differences..... SUMMARY TABLE

2.4 Analyzing Year-Over-Year Changes in the HOEP NO LONGER PROVIDED

2.5 Hourly AND NON-HOURLY Uplift and Components NO CHANGE

2.6 Internal Zonal Prices and CMSC Payments.....NO CHANGE

2.7 A Comparison of HOEP and Richview Nodal Price NO LONGER PROVIDED

2.8 Operating Reserve Prices..... NO CHANGE

3. Demand

3.1 Aggregate Consumption NO CHANGE

3.2 Wholesale and LDC Consumption NO CHANGE

4. Supply

4.1 New Generating Facilities.....NO CHANGE

4.2 The Supply Cushion.....NO CHANGE

4.3 Average Supply Curves NO LONGER PROVIDED

4.4	Outages	NO CHANGE
4.4.1	Planned Outages	
4.4.2	Forced Outages	
4.5	Changes in Fuel Prices.....	NO CHANGE
4.5.1	Coal Prices	NO CHANGE
4.5.2	Natural Gas Prices.....	NO CHANGE
4.5.3	Energy Price Equivalent Heat Rate.....	NO LONGER PROVIDED
4.6	Net Revenue Analysis.....	NO LONGER PROVIDED
5.	Imports and Exports	
5.1	Overview.....	NO CHANGE
5.2	Congestion at Interties	
5.2.1	Import Congestion	
5.2.2	Export Congestion	
5.2.3	Congestion Rent.....	NO LONGER PROVIDED
5.3	Analysis of the Determinants of Exports from Ontario to New York and Michigan.....	NO LONGER PROVIDED
5.4	Wholesale Electricity Prices in Neighbouring Markets.....	NO CHANGE

Chapter 2: Analysis of Market OutcomesEVERY 6 MONTHS

1.	Introduction.....	NO CHANGE
2.	Anomalous HOEP	
2.1	Analysis of High Price Hours	LISTING & FOCUS ON UNUSUAL EVENTS
2.2	Analysis of Low Price hours.....	TOTAL NUMBERS
2.2.1	Negative Prices	LISTING & FOCUS ON UNUSUAL EVENTS
3.	Anomalous uplifts	
3.1	Anomalous OR	LISTING & FOCUS ON UNUSUAL EVENTS
3.2	Anomalous CMSC	LISTING & FOCUS ON UNUSUAL EVENTS

Chapter 3: Matters to Report in the Ontario MarketplaceEVERY 6 MONTHS

1.	Introduction	
2.	Changes to the Marketplace since the Panel's Last Report	FEWER TOPICS
2.1	Issue 1....	
3.	New Matters.....	FEWER TOPICS
3.1	Issue 1	

Chapter 4: The State of the IESO-Administered MarketsANNUALLY

- 1. General AssessmentSHORTENED
- 2. Comment on High Level Design Evolution..... NO CHANGE
- 3. Implementation of Previous Panel RecommendationsNO CHANGE
 - 3.1 Recommendations to IESO
 - 3.2 Other Recommendations
- 4. Summary of Activities/ Referrals & Recommendations During the YearEXPANDED
 - 4.1 Price Fidelity
 - 4.2 Dispatch
 - 4.3 Uplift Payments
 - 4.4 Transparency

Statistical Appendix NO LONGER PROVIDED

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