



5<sup>th</sup> October, 2009

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To whom it may concern

**Re: Revisions to Market Monitoring Reporting**

Direct Energy (DE) welcomes the opportunity to provide comments to the OEB Market Surveillance Panel on the proposed market monitoring reporting changes. The *Monitoring Report on the IESO-Administered Electricity Markets* is an important source of information for DE's forecasting, planning and product development activities. In addition, it provides valuable insight into a wholesale market which suffers from limited transparency and a range of factors which distort market outcomes, and hence prices. As such, DE would respectfully recommend caution in reducing the content of the report. Detailed comments on the various sections are provided below.

**Chapter 1 – Market Outcomes**

This chapter contains detailed data and analysis of market results and trends and provides a range of useful indicators for DE's daily interaction in the Ontario market. Reducing the reporting on these indicators to once a year would reduce the granularity of information and therefore its usefulness.

Most importantly, DE does not support the proposal to remove the supply curve. The supply curve provides valuable information for decision making and allows monitoring of how much of the generation bids at negative prices. We also recommend that the Energy Price Equivalent Heat Rate and the Net Revenue Analysis continues to be reported even if at a more condensed level because it provides a measure of how efficiently the market is working.

It is also crucial that the 'minimal changes' suggested for Section 2.1 (Ontario Energy Price) not include any reduction in the amount of detail provided regarding the Global Adjustment. In fact, DE would welcome additional explanatory detail on this topic. Similarly, we would not support any changes to the reporting on frequency distribution and average HOEP.

## **Chapter 2 – Analysis of Anomalous Prices**

This chapter contains detailed forensic analyses of anomalous outcomes, including very high or low prices or high uplifts. In general we agree that the level of detail could be cut down on the hourly information, however we are concerned about how “high-level” the summary would become. We suggest that there should be enough detail in the event summary description to allow market participants to understand the causes of anomalous swings in prices.

## **Chapter 3- The Ontario Marketplace**

This chapter has been very valuable to our in-house analysis as it provided useful information on changes in supply sources (wind expansion, coal phase-out, other renewable additions), changes to demand conditions such as demand response programs, incentives in contracts, and regulatory structures. We have also valued the reports on market efficiency, or inefficiency (market abuse or gaming) as well as risks or issues that could produce significant effects on the market.

It is unclear at the moment how much the information in this chapter would be constricted, therefore, at the very minimum we would like to see reporting on changes in supply sources including any new additions associated with the Green Energy Act. The latest should include reporting on renewable generation pick up, both OPA FIT contracted and outside the OPA procurement, as well as risks/issues capable of producing significant effects on the market.

## **Chapter 4 - State of the Market and Recommendations (Annually)**

As this chapter traditionally provided an overall assessment of the state of the market and included a commentary of one or two significant future-directed market design issues, it seems reasonable to reduce the frequency of reporting to once a year. We concur with the panel’s proposal to keep recommendations to the IESO and other market participants and move the MSP comments on the evolution of some aspect of the high level market design or structure in Chapter 3.

## **Statistical Appendix**

Despite any support to eliminate information with little relevance to market participants, DE believes that the information in the appendix contains very important statistics that should continue to be available to the public. In cases when some of the tables could be found in other IESO reports, the Market Monitoring Report must make appropriate reference.

Otherwise we suggest that the following tables, currently used in DE’s analysis of the Ontario market, continue to be included in future issues of the report:

- Monthly Energy demand
- Outages
- Ontario Consumption by Type of usage
- Frequency distribution of HOEP
- Basel-load Supply Relative to Demand On and Off peak
- Share of Real-Time MCP set by resource type total, on and off peak
- Share of Resources Selected in the Real-time Market schedule
- Measure of difference between 1 hour ahead pre-dispatch and HOEP
- Frequency distribution of Difference between 1 hour pre-dispatch and HOEP
- Demand Forecast Error
- Failed exports to and from Ontario (consider combining the two tables into one with the Maximum hourly failure and the failure rate).

Direct Energy would like to thank the Ontario Energy Board and the IESO for the opportunity to comment on the proposed changes to the Market Monitoring Reporting. If you have any questions or comments please do not hesitate to contact me at (416) 758-4214 or at [chantelle.bramley@directenergy.com](mailto:chantelle.bramley@directenergy.com)

Yours faithfully,

A handwritten signature in cursive script that reads "Chantelle Bramley".

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