



**POWER
WORKERS'
UNION**

October 5, 2009

Independent Electricity System Operator

Att: Market Assessment Unit

Re: Consultation on Proposed Changes to Market Monitoring Reporting

The Power Workers' Union ("PWU") represents a large portion of the employees working in Ontario's electricity industry. Attached please find a list of PWU employers.

The PWU is committed to participating in regulatory consultations and proceedings to contribute to the development of regulatory direction and policy that ensures ongoing service quality, reliability and safety at a reasonable price for Ontario customers. To this end, please find the PWU's comments on the Market Surveillance Panel's Proposed Changes to Market Monitoring Reporting.

We hope you will find the PWU's comments useful.

Yours very truly,

Don MacKinnon

Encl.

cc: John Sprackett
Judy Kwik

CANADIAN UNION
OF PUBLIC EMPLOYEES,
LOCAL 1000, C.L.C.

244 EGLINTON AVE. E.
TORONTO, ONTARIO
M4P 1K2

TEL.: (416) 481-4491
FAX: (416) 481-7115

PRESIDENT
Don MacKinnon

VICE PRESIDENTS
Peter Falconer
Brad Comduff
Mel Hyatt

List of PWU Employers

AMEC Nuclear Safety Solutions
Atomic Energy of Canada Limited (Chalk River Laboratories)
BPC District Energy Investments Limited Partnership
Brant County Power Incorporated
Brighton Beach Power Limited
Brookfield Power – Lake Superior Power
Brookfield Power – Mississagi Power Trust
Bruce Power Inc.
Capital Power Corporation Calstock Power Plant
Capital Power Corporation Kapuskasing Power Plant
Capital Power Corporation Nipigon Power Plant
Capital Power Corporation Tunis Power Plant
Coor Nuclear Services
Corporation of the City of Dryden – Dryden Municipal Telephone
Corporation of the County of Brant, The
Coulter Water Meter Service Inc.
CRU Solutions Inc.
Ecaliber (Canada)
Electrical Safety Authority
Erie Thames Services and Powerlines
ES Fox
Great Lakes Power Limited
Grimsby Power Incorporated
Halton Hills Hydro Inc.
Hydro One Inc.
Independent Electricity System Operator
Inergi LP
Innisfil Hydro Distribution Systems Limited
Kenora Hydro Electric Corporation Ltd.
Kincardine Cable TV Ltd.
Kinectrics Inc.
Kitchener-Wilmot Hydro Inc.
London Hydro Corporation
Middlesex Power Distribution Corporation
Milton Hydro Distribution Inc.
New Horizon System Solutions
Newmarket Hydro Ltd.
Norfolk Power Distribution Inc.
Nuclear Waste Management Organization
Ontario Power Generation Inc.
Orangeville Hydro Limited
Portlands Energy Centre
PowerStream
PUC Services
Sioux Lookout Hydro Inc.
Sodexo Canada Ltd.
TransAlta Energy Corporation - O.H.S.C. Ottawa
Vertex Customer Management (Canada) Limited
Whitby Hydro Energy Services Corporation

1. INTRODUCTION

On September 24, 2009 the Ontario Energy Board's Market Surveillance Panel ("Panel") issued proposed changes to the MSP Monitoring Reports ("MSP Reports"). The Panel and the Independent Electricity System Operator's ("IESO") Market Assessment Unit ("MAU") are reviewing the semi-annual MSP Reports to "ensure that the focus is on areas of most value to the marketplace".

The Panel describes the MSP Reports' current contents as follows:

- Chapter 1 – detailed data and analysis of market results and trends,**
- Chapter 2 – detailed forensic analyses of anomalous outcomes (i.e. very high or low prices or high uplifts),**
- Chapter 3 – reviews, sometimes with in-depth analytical assessments, of newly emerging matters significantly affecting the market or updates on matters previously reviewed,**
- 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 Panel's September 24, 2009 letter indicates that it takes considerable resources to prepare the MSP Reports and in an environment of decreased resources is proposing changes to the reporting as follows:

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.

The Power Workers' Union ("PWU") appreciates the opportunity provided by the Panel for comment on the proposed changes to the MSP Reports. Below are the PWU's comments.

2. PWU COMMENTS

The PWU understands that significant resources are required to produce the MSP Reports. However, a number of significant market changes, including the move to

Ontario's hybrid market, would have necessitated a higher degree of vigilance given the impacts of these changes. In the PWU's view awareness of market issues raised by the Panel in the MSP Reports as the Ontario market evolved over the past several years has alerted the IESO on changes essential for the market to function as planned that have resulted in substantial market improvements.

Ontario is now in a period of more significant change driven by:

- Planned coal phase-out;
- The introduction of the Feed-in Tariff ("FIT") program that is expected to bring in substantial embedded generation;
- A significant shift in Ontario's contracted supply portfolio to non-dispatched generation;
- Unconstrained Day-ahead Market ("UDAC") and Enhanced Day-ahead Commitment Process ("EDAC") design and implementation;
- Major new transmission facilities;
- New enabler transmission lines;
- Continued forecast of substantial levels of surplus baseload generation ("SBG") well into the future; and
- Ontario and Canadian governments' plans to evolve a carbon market by 2014.

The impact of these dramatically different new activities will result in a fundamental change to Ontario's power market: how it is dispatched and how the price is settled. The PWU therefore urges the Panel to continue to be proactive in carrying out its market assessments while giving appropriate consideration to its reporting efficiency. In the PWU's view it is essential for the Panel to be proactive with regard to the monitoring and assessment of the impacts of the initiatives listed above. Ontario needs on-going impartial assessments on the market impacts related to the significant changes in

energy policy. In addition the IESO will need to respond to the assessments on the significant changes driven by significant new embedded renewable generation, significant transmission facility expansions, new enabler transmission facilities and new gas fired generation.

Further, Ontario is a partner in the Western Climate Initiative (“WCI”) and actively participating in the development of a greenhouse gas cap-and-trade system with other North American jurisdictions. Electricity generation, including imports, exports and wheel throughs, is an integral part of the WCI’s proposed cap-and-trade approach. The PWU submits that Ontario’s involvement in a carbon market will require additional reporting i.e. public reporting of monthly summaries on imports and exports by fuel type.

Adequate resources and systems therefore, must be dedicated to ensure that the changes to the market place driven by these major initiatives do not detrimentally impact Ontario’s energy market functions. The Panel must remain effective as the province’s and stakeholders’ market “watchdog”.

The PWU supports the Panel’s proposal to move to a two report system with a shorter summer report. However, the PWU recommends that in addition, the Panel should also consider issuing special market monitoring reports (“Special Reports”) shortly following key activities or on reaching critical milestones. The intent of these Special Reports would be to ensure that following a major change to the IESO-administered system an early assessment of the impacts can be made to determine whether the changes resulted in the intended impact and whether there have been detrimental impacts. The following are examples of events on which Special Reports would be issued and the timing of the reports:

- 3 months after the shut-down of 4 units of coal generation at Nanticoke and Lambton generating stations;
- 3 months after the addition of 1000 MW of total new FIT generation to the system;

- 3 months after the addition of 1000 MW of new gas-fired generation to the system;
- 3 months after the implementation of EDAC and UDAM;
- 3 months after the in-service date of the Bruce to Milton Line or the addition of other similar major transmission facility or enabler line.

The PWU provides the following comments on each of the proposed changes to the individual chapters of the MSP Report.

A. Chapter 1

While the PWU supports the proposed reduction in reporting on some of the areas covered in Chapter 1, the PWU recommends that the Panel continue to include sections 2.4 and 5.3 as noted below:

i. 2.4 Analyzing Year-over-Year Changes in the HOEP

It will be important to understand what is causing the Hourly Ontario Energy Price (“HOEP”) and Global account changes given the above referenced changes underway in the Ontario market. One of the best ways to assess that is by year-over-year comparisons. Therefore, this section of the report should be retained.

ii. 5.3 Analysis of Determinants of Exports from Ontario to New York and Michigan

This may be needed as part of the proposed Ontario cap and trade system in determining wheel-throughs and First Jurisdictional Deliverer as proposed under the current WCI in which Ontario is a participant. For this reason it merits retention until it has been determined that it is not required under the cap-and-trade system.

In addition the PWU encourages the IESO to ensure that the data sets that are used to do the analysis remain available for stakeholders to access, thereby retaining market transparency in these areas.

B. Chapter 2

The PWU supports the proposed changes on the understanding that normal market monitoring will continue as a daily function by the MAU and other IESO staff.

C. Chapter 3

The PWU supports the proposed changes provided that the above recommendation on Special Reports following major changes to the IESO-administered system is implemented.

D. Chapter 4

The PWU supports the proposed changes provided that the above recommendation on Special Reports following major changes to the IESO-administered system is implemented.

E. Statistical Appendix

While the PWU supports reducing the IESO reports it would be helpful to stakeholders if the IESO would reassign resources to redesign its web portal in a manner that enhances the ability of interested parties to access the IESO data.

The PWU recommends that the Panel retain the following reports or provide web access in a simplified form to retrieve historical data:

- Table A-1: Monthly Energy Demand, May 2008 – October 2009
- Table A-4: Outages, May 2008 - October 2009
- Table A-5: Average HOEP, On and Off-Peak, May 2008 - October 2009
- Table A-7: Ontario Consumption by Type of Usage, May 2008 - October 2009
- Table A-11: Total Hourly Uplift Charge by Component, May 2008 - October 2009

- Table A-13: Baseload Supply Relative to Demand and HOEP, Off-Peak, May 2008 - October 2009
- Table A-24: Share of Real-time MCP Set by Resource Type, Off-Peak, May 2008 - October 2009
- Table A-25: Share of Real-time MCP Set by Resource Type, On-Peak, May 2008 - October 2009
- Table A-30: Net Exports, May 2008 - October 2009
- Table A-41: Discrepancy between Wind Generators' Offered and Delivered Quantities, May 2008 - October 2009

In addition to the current IESO reports, the PWU recommends that the Panel consider the reporting of information related to a carbon market identified above including the reporting of monthly summaries on imports and exports by fuel type.

All of which is submitted respectfully.