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Market Surveillance Panel | Comité de surveillance du marché

BY E-MAIL AND BY HAND

December 13, 2019

Mr. Robert Dodds
Vice Chair
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Mr. Dodds:

RE: Market Surveillance Panel Monitoring Report

I make reference to my letter dated October 31, 2019 enclosing a copy of the Market Surveillance Panel's (MSP) 31st semi-annual *Monitoring Report on the IESO-administered Electricity Markets* for the period from May 2017 to October 2017 (Report). I understand that you transmitted the Report to Mr. Gregg, President & CEO of the Independent Electricity System Operator (IESO), on November 1, 2019.

As you are aware, subsequent to finalization and communication of the Report but before it was posted on the Ontario Energy Board's website, the IESO raised with the MSP concerns regarding the methodology used by the MSP to simulate the market price and uplift impact of the unintended consequence of the modelling of distribution-connected demand response resources over the May 2016 to April 2017 period. The discussion of the unintended consequence is found in Chapter 3 of the Report, which notes that this is not a recurring issue for the market since the IESO discovered and resolved the unintended consequence in April 2017.

Over the past month or so, the MSP and the IESO have had a number of exchanges on the issue with a view to gaining a better understanding of one another's perspectives and methodological approach. As a result, the MSP considers it appropriate to revise the Report, among other things to more clearly convey that the market price and uplift impact is an estimate based on a simulation, to present the impact as a range and to acknowledge that a simulation that accounts for additional potential variables could yield lower estimates.

On behalf of the MSP, I am therefore submitting a revised report pursuant to Article 7.1.1 of Ontario Energy Board By-law #3, to replace the Report provided to you at the

end of October and which the MSP is respectfully withdrawing. The revised report is submitted pursuant to Article 7.1.1 of Ontario Energy Board By-law #3.

Yours truly,

A handwritten signature in blue ink, appearing to read "Glenn Leslie", enclosed within a blue oval scribble.

Glenn Leslie
Chair, Market Surveillance Panel