

SUSANNA ZAGAR
CHIEF EXECUTIVE OFFICER | DIRECTRICE GÉNÉRALE

BY EMAIL

December 10, 2020

Mr. Terry Young
Interim President and Chief Executive Officer
Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Dear Mr. Young:

RE: Market Surveillance Panel Monitoring Report 33

The Market Surveillance Panel (MSP) has delivered to me its *Monitoring Report 33: Monitoring Report on the IESO-Administered Electricity Markets* (MSP Report). This report highlights recent events and current issues in the wholesale electricity markets, and includes data on market outcomes for the period from May 1, 2018 to October 31, 2018. I attach a copy of the MSP Report for your reference.

The MSP Report contains nine recommendations to the Independent Electricity System Operator (IESO) on three topics. These recommendations are aimed at addressing anomalous market outcomes, enhancing consistency and transparency and/or reducing costs:


- *Real-time Generation Cost Guarantee program:* The two recommendations arise from the MSP's examination of "Two-Shifting". One relates to the level of compensation paid to generators under the program, and the other identifies a need for the audit of generator cost submissions in certain cases.
- *Simultaneous Activation Reserve (SAR):* The MSP recommends that that the IESO address a price suppression issue associated with the activation of SAR.
- *Capacity planning and need assessment:* Two recommendations relate to the integration of economic imports into the capacity planning process. Four other recommendations encourage greater clarity and transparency in the capacity planning process, including improvements in stakeholder engagement and objective third party oversight.



I would appreciate if you would advise me in writing within 30 days of: (a) the steps that the IESO plans to take in response to the recommendation in the MSP Report and the timelines for completion of those steps; and (b) whether, in the IESO's view, any actions or market rule amendments should be taken or initiated in addition to those reflected in the MSP's recommendation.

Please do not hesitate to contact me should you have any questions or wish to discuss the above.

Yours truly,



Susanna Zagar
Chief Executive Officer
Ontario Energy Board

cc Glenn Leslie, Chair, Market Surveillance Panel

Att.

