

SUSANNA ZAGAR
CHIEF EXECUTIVE OFFICER | DIRECTRICE GÉNÉRALE

BY EMAIL

August 24, 2021

Ms. Lesley Gallinger
President and Chief Executive Officer
Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Dear Ms. Gallinger:

RE: Market Surveillance Panel Monitoring Report 35

The Market Surveillance Panel (MSP) has delivered to me its *Monitoring Report 35: Monitoring Report on the IESO-Administered Electricity Markets* (MSP Report). It highlights recent events in the wholesale electricity markets, and includes data on market outcomes for the 6-month monitoring period from May 1, 2020 to October 31, 2020. I attach a copy of the MSP Report for your reference.

The MSP Report contains eight recommendations addressed to the Independent Electricity System Operator (IESO) on three topics:

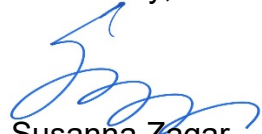
- Two recommendations result from the MSP's review of the performance of Hourly Demand Response resources. These recommendations focus on changes to the IESO's approach to penalties and payments to help address performance issues.
- Three recommendations pertain to the reimbursement of generators' carbon costs through the Real-time Generation Cost Guarantee program. The primary recommendation is to cease making such reimbursements; however, should the IESO nevertheless continue to make such reimbursements two additional recommendations focus on improvements to the reimbursement methodology and transparency of the amounts reimbursed.
- Three recommendations call for improvements in the IESO's procurement processes. Two recommendations focus on better outcomes and greater transparency in relation to non-competitive procurements, while the third relates to the separation of system and non-system costs and benefits in competitive procurements.



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.

