

October 27, 2020

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via email: Shawn.Cronkwright@ieso.ca

**RE: Recommendations to Set Standard Reference Levels for Wind and Solar Generators in Replacement of Completion of Facility-Specific Workbooks and One-on-One Discussions with IESO**

Dear Shawn,

I am writing to you today with a recommendation regarding the Market Renewal Program's (MRP) market power mitigation framework and specifically, with The Canadian Renewable Energy Association's (CanREA's) proposal regarding how the IESO should proceed with setting facility specific reference levels for wind and solar generators that are registered market participants (MPs) within the IESO-Administered Markets (IAM).

CanREA is the voice for wind energy, solar energy and energy storage solutions that will help power Canada's energy future. We work to create the conditions for a modern energy system through stakeholder advocacy and public engagement. Our diverse members are uniquely positioned to deliver clean, low-cost, reliable, flexible and scalable solutions for Canada's energy needs.

CanREA has been engaged in the MRP consultations since its inception. Through our membership in the Power Advisory led Consortium of Renewable Generators, Energy Storage Providers and Industry Associations (the Consortium), we have provided feedback and input on most of the issues presented to stakeholders. We have been reviewing the *Market Power Mitigation Detailed Design Issue 1.0* document and are recommending that the IESO-proposed reference level process be voluntary. All of CanREA's wind and solar generation members that are IAM MPs have contracts with IESO. Based on the provisions and incentives within these contracts, the MP wind and solar generators have no real opportunity to exercise market power through economic withholding.

CanREA contends that MP wind and solar generators wishing to enter one-on-one discussions with the IESO to establish facility-specific reference levels should be permitted to do so on a voluntary basis. Those choosing not to participate would be assessed a default reference level of \$25/MWh. This is aligned with the IESO-proposed conduct and impact test threshold since offers at or below this level are excluded from economic withholding tests.<sup>1</sup> The benefit of this recommendation is that it enables a simplified process that results in significant cost savings for both IESO and MPs by avoiding a large number of IESO-MP one-on-one meetings, including development and review of supporting data and information, to determine facility-specific reference levels. These cost reductions can be expected to flow-through to ratepayers.

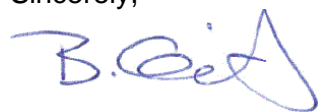
Based on the draft *Market Power Mitigation Detailed Design Issue 1.0* document, IESO has proposed not to evaluate for economic withholding if offer prices are below \$25/MWh. CanREA members' experience within the U.S. wholesale electricity markets that all administer similar market power mitigation frameworks, notes that establishment of reference levels are time consuming, costly, and

<sup>1</sup> See for example tables at pgs. 24-26 of IESO Draft Energy Design Document for Market Power Mitigation (5 May 2020)

potentially adversarial, and given the lack of incentives and inability for MP wind and solar generators to increase market-clearing prices through the exercise of market power through economic withholding in Ontario, CanREA proposes that its MP wind and solar generation members **not be required** to undertake this process unless they opt to do so with the IESO. That is, those opting to do so would then be assigned a facility specific reference level resulting from the one-on-one discussions and those opting not to do so would be assessed against the \$25/MWh threshold. Some CanREA members would support the IESO and MP wind or solar generators initiating one-on-one discussions only once contracts are at or near the expiry date as.

CanREA believes this recommendation is reasonable and supported by sound rationale. We hope the IESO will agree. We would appreciate the opportunity to meet with you, along with our members, to discuss these recommendations.

Sincerely,



Brandy Giannetta  
Senior Director, Ontario & Atlantic Canada  
Canadian Renewable Energy Association