

APEX Objective

To facilitate development and communication of ideas and practices in the operation of global competitive electricity markets.

One of its primary intentions is to provide a platform for the sharing of information between its members.



IN THE SPOTLIGHT

IESO: A Market in Transition

Ontario has achieved a major milestone in its Market Renewal program – the completion of three High-level Designs that lay the foundation for a more dynamic and efficient energy market. By 2023, Ontario will have replaced its uniform pricing system with locational marginal pricing, while also implementing a Day-Ahead Market and Enhanced Real-time Unit Commitment.

This renewed market will not only deliver significant levels of market efficiency and customer savings, it will also allow us to better address the changes that we are all experiencing: integration of storage and other emerging technologies, changing real-time operations and shifting boundaries between the wholesale market and the distribution level.

Ontario is relying on the best practices in other markets and on our own experience in administering electricity markets over the past 17 years. Over the last decade, we have been dealing with the phase-out of all of our coal-fired generators (which provided about 25% of Ontario's capacity before 2014), the build-out of a large quantity of combined cycle gas generators and intermittent resources and the ongoing refurbishment of our nuclear fleet.

This rapid changeover in our supply mix means that the majority of our energy supply is emissions free but it has also introduced changes to our operations. Dealing with large supply swings from our variable generation fleet and forecast errors have become an all too regular occurrence for our operators. We know that we are not alone in managing a large intermittent fleet and an early focus for us was to ensure we could dispatch these resources.

Even with dispatchability in place, we still needed to find ways to increase flexibility from our existing fleet. To address this flexibility needs, we developed and implemented a quick market-based solution. To that effect, we are leveraging our 30-minute Operating Reserve (OR) product. During times when we are expecting large changes from our variable generation fleet, we have the ability to acquire additional MWs to assist us with the real-time operational challenges. Since our OR products are co-optimized with energy we have found an efficient and transparent market solution for our flexibility concerns. After our renewed energy market is in place, we will continue to assess our flexibility needs and explore what additional enhancements are needed.

In addition to our energy market changes, Ontario is taking a close look at ways to meet our resource adequacy needs going forward. Our plan had been to launch capacity auctions for our incremental resource needs in 2022. While stakeholders are broadly supportive of our energy market changes, that same level of support was not present for the transition from a centralized contracting model to capacity auctions. At the same time, our updated long-term planning forecast began to convey that, over the next decade, we have enough energy to meet provincial demand and a limited need for new capacity.

This presents us with an opportune time to engage on a broader level with stakeholders to explore a number of different ways to meet resource adequacy going forward. This conversation will be guided by Ontario's commitment to competition and creating an environment that gives businesses confidence to invest in the Province.



Rodney Doyle
EirGrid plc

I am delighted to provide a Director's message for the APEX Newsletter on behalf of the APEX Board. I have been a Board member for a number of years now and I have found the networking and collaboration opportunities that APEX offers invaluable in a changing industry. It is an interesting time for the industry with everything from Brexit to new technologies and new kinds of market participants keeping us all very busy. APEX offers an opportunity to collaborate and gain perspectives from all over the world and from numerous different market places, these collective offers unique insights that I have only found in the APEX community.

In Ireland and Northern Ireland the new Single Electricity Market has been underway now for almost a year. The first year has been a great success overall. Prices in the day ahead and intraday markets have been very steady with the balancing market showing more volatility. Both ourselves as the market operator and power exchange and the market participants in our market continue to keep a keen eye on prices and trends and will propose rule changes where appropriate. We look forward to the one year anniversary and to many more years of SEM to come.

The next APEX annual conference is fast approaching and I would encourage anyone with an interest in energy to register for this unique gathering. This year we head to the wonderful city of Toronto and there is a fascinating conference programme laid out, the conference also offers a brilliant opportunity to enjoy Canadian hospitality in Toronto itself.



Book soon! Special room rates at the St. Regis Toronto guaranteed for a limited time.

APEX CONFERENCE

October 9 – 11, 2019

Toronto, Canada

Gather with other senior decision makers, sector partners and sponsors to share ideas and experiences, network and plan for the future of electricity markets at APEX 2019

FEATURING:

Keynote speakers including Peter Gregg, President and Chief Executive Officer, IESO

Panel discussions and interactive workshops

Special events at the Hockey Hall of Fame and Art Gallery of Ontario

To register: www.apextoronto2019.com

Hosted by Ontario's Independent Electricity System Operator

