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Market Surveillance Panel | Comité de surveillance du marché

BY EMAIL

March 14, 2025

Ms. Susanna Zagar
Chief Executive Officer
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Ms. Zagar:

RE: 2024 Calendar Year Activity Report

The Market Surveillance Panel (the “Panel”) is pleased to provide you with a summary of the Panel’s activities in 2024. In the past, the general reporting contemplated under section 7.1.1 of the Ontario Energy Board’s (the “OEB”) [By-Law #2](#) has been integrated into the Panel’s regular monitoring and special purpose reporting, including in the Panel’s annual *State of the Market* reports. Going forward, the Panel sees merit in providing a separate summary of its activities, as a supplement to its annual *State of the Market* report, to offer greater awareness on how the Panel is fulfilling its responsibilities under By-Law #2.

1. Market Assessment Unit Reports to the Panel

The Panel executes its responsibilities with support from the Independent Electricity System Operator’s (the “IESO”) Market Assessment Unit (the “MAU”)¹ in accordance with and to the extent provided in the [Protocol](#) between the OEB and the IESO. A key function of the MAU is its routine monitoring of the IESO-administered markets (the “IAM”).

Consistent with section 4.1.1 of By-Law #2, the MAU monitors the IAM and the conduct of market participants with a view to identifying:

- inappropriate or anomalous market conduct by market participants, including unilateral or independent behaviour resulting in gaming or in abuses or possible abuses of market power;

¹ The MAU consists of approximately 7.0 full-time employe equivalents composed of economists and operational/market specialists.

- activities of the IESO that may have an impact on market efficiencies or effective competition; and
- actual or potential design or other flaws in the market rules, the IESO's rules and procedures, and in the overall structure of the IAM, that are inconsistent with the efficient and fair operation of a competitive market.

At the direction of the Panel, the MAU conducts its monitoring activities using a wide range of analytic tools, models and metrics, and updates the Panel on its monitoring activities, at least monthly, or more frequently as required. These updates are used to keep the Panel apprised of the general performance of the IAM and potential emergent concerns falling within the Panel's mandate, and to identify areas for follow-up, further exploration or analysis and reporting.

In 2024, the MAU's monthly updates included, among other things, data and analysis of:

- the performance of market prices under various market conditions, including reliability emergency events, and other situations when the IESO elected to intervene in the market to safeguard reliability;
- the conduct of market participants, including assessment of supply offers and demand bids;
- trends in the frequency of various types of resources setting market prices;
- the incentive effects of the Import Offer Guarantee on the efficient scheduling of imports in the IAM; and
- the outcomes of the IESO's resource adequacy and capacity procurements.

Another function of the MAU is to assist the Panel in the preparation of its annual *State of the Market* reports. In 2024, the MAU assisted in the preparation of two such reports:

State of the Market Report 2023

Published on September 5, 2024, this report provides the Panel's general observations on the state of the IAMs, including their efficiency and competitiveness. In addition to presenting market data for 2023, the report includes observations that set the stage for future analysis and identifies work being undertaken by the Panel in advance of the implementation of significant changes to the markets through the IESO's Market Renewal Program ("MRP") planned for implementation in mid-2025. The report contains one recommendation, since accepted by the IESO, regarding a review of the costs and benefits of continuing the Intertie Offer Guarantee program in the real-time market after the deployment of MRP.

State of the Market Report 2024

The Panel expects to submit this report in the second quarter of calendar 2025.

A significant focus in 2024 was preparing for the implementation of MRP. The MAU's MRP-related efforts in 2024 largely centred on two major deliverables:

Enhancement of the Market Monitoring Framework

The MAU is working to enhance the internal monitoring program that it uses to support the MSP. Leveraging experiences and best practices from other jurisdictions with similar market features, the MAU is identifying and designing key metrics to account for the various changes to the markets and the increased availability of data following MRP implementation.

MRP Pre-Deployment Report

This report, targeted for submission in the second quarter of calendar 2025, will discuss the Panel's role in the Ontario electricity sector and the principles and approach that the Panel will apply in monitoring the IAM post implementation of the IESO's MRP. The report will outline how the Panel plans to continue to assess market efficiency and competition in the context of the electricity markets modified by the MRP. The report will also outline the key metrics and performance indicators that the Panel will use to assess the success of the new markets in achieving their stated efficiency objectives.

2. Investigations and Reviews

As envisioned in the OEB's By-Law #2, the Panel may commence an investigation into any activities related to the IAM or the conduct of a market participant. An investigation can be commenced on the Panel's own motion, in response to a request from the OEB's Chief Executive Officer ("CEO") or further to a complaint or referral from a third party.

By-law #2 also contemplates that the Panel may, with the prior concurrence of the OEB's CEO, undertake a review of any actual or potential design or other flaws and inefficiencies in the market rules or procedures of the IESO or design or other flaws in the overall structure of the IAM.

In 2024, no request, complaint or referral was submitted to the Panel to commence an investigation, nor did the Panel undertake an investigation on its own motion. The Panel also did not undertake a review in 2024.

Please do not hesitate to contact either one of us if you have any questions or wish to discuss any of the above.

Yours truly,

Ken Quesnelle
Member, Market
Surveillance Panel

Brian Rivard
Member, Market
Surveillance Panel