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## Market Rule Amendment Submission

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This form is used to request an amendment to, or clarification of, the *Market Rules*. Please complete the first four parts of this form and submit the completed form by email or fax to the following:

Email Address: [Rule.Amendments@ieso.ca](mailto:Rule.Amendments@ieso.ca)

Fax No.: (416) 506-2847 Attention: Market Rules Group

**Subject: Market Rule Amendment Submission**

All information submitted in this process will be used by the *IESO* solely in support of its obligations under the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, the *Market Rules* and associated policies, standards and procedures and its licence. All submitted information will be assigned the *confidentiality classification* of “Public” upon receipt. You should be aware that the *IESO* will *publish this amendment submission* if the *Technical Panel* determines it warrants consideration and may invite public comment.

Terms and acronyms used in this Form that are italicized have the meanings ascribed thereto in Chapter 11 of the *Market Rules*.

### PART 1 – SUBMITTER’S INFORMATION

Please enter contact information in full.

Name: IESO Staff

(if applicable) *Market Participant /  
Metering Service Provider No.<sup>1</sup>*: n/a

*Market Participant Class:*  
n/a

Telephone: 905-855-6445

Fax: 905-855-6371

E-mail Address: rule.amendments@ieso.ca

### PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: Generation Cost Guarantees

Title: Real-Time Generation Cost Guarantee – Revisions to Eligibility and Cost Submissions

Nature of Request (please indicate with x)

Alteration       Deletion       Addition       Clarification

Chapter: 7,9

Appendix: \_\_\_\_\_ Sections: Ch. 7, sec.5.7; Ch. 9, sec. 4.7B

Sub-sections proposed for amending/clarifying: Ch. 7, sec. 5.7.1.3; Ch. 9, sec. 4.7B.1

<sup>1</sup> This number is a maximum of 12 characters and does not include any spaces or underscore.

### PART 3 – DESCRIPTION OF THE ISSUE

Provide a brief description of the issue and reason for the proposed amendment. If possible, provide a qualitative and quantitative assessment of the impacts of the issue on you and the *IESO-administered markets*. Include the Chapter and Section number of the relevant *market rules*.

#### Summary

The IESO proposes to amend the market rules to exclude schedules resulting from constraints applied by the IESO (manual constraints applied at the request of a generator or constraints associated with a day-ahead schedule of record) from the eligibility test for a real-time generation cost guarantee (RT-GCG).

In addition, the IESO proposes to amend the market rules to deem RT-GCG start-up costs as zero where a generator is eligible for a RT-GCG and day-ahead production cost guarantee (DA-PCG) attributable to a single start-up event, and where start-up costs are eligible under the DA-PCG.

With the implementation of the Enhanced Day-Ahead Commitment process (EDAC), this proposal will clarify a generator's eligibility for a cost guarantee in scenarios where the scheduling of a RT-GCG and day-ahead commitment overlap, and prevent a generator from being paid start-up costs twice for a single start-up.

#### Background

The last valid set of results from the day-ahead commitment process under EDAC results in a schedule of record. A day-ahead production cost guarantee (DA-PCG) eligible resource which receives a schedule as part of the schedule of record will have day-ahead commitments applied. These day-ahead commitments represent the constraints associated with a day-ahead schedule of record which are applied by the IESO. In anticipation of EDAC, the IESO has reviewed the existing market rules governing the RT-GCG program and has identified that the implementation of EDAC may result in the "interaction" of RT-GCGs with day-ahead commitments, whereby a market participant may appear to qualify for a RT-GCG on the merit of such constraints. Furthermore, a market participant may be eligible for two start-up cost payments for a single start event.

In order to ensure the market does not provide a double guarantee for costs related to the same start up event, section 4.7B of chapter 9 was amended by the IESO Board in MR-00375-R01<sup>1</sup> to provide that a RT-GCG shall not be paid in respect of a generation unit for costs incurred or revenues accrued for which a DA-PCG applies. In other words, the day-ahead guarantee takes precedence over a real-time guarantee. Under pre-EDAC rules, settlement of the day-ahead generation cost guarantee (DA-GCG) is mapped back to generator start-up and a RT-GCG claim for that same start would be denied under section 4.7B.4 of chapter 9, since the revenues for the day-ahead event begin to accrue at start-up. However, under EDAC, DA-PCG settlement will match the costs and revenues to the actual day-ahead commitment, not to the start hour. As a result, a RT-GCG claim is possible in the hours preceding the day-ahead commitment, provided the generator meets all eligibility requirements for the RT-GCG specified in sections 2.2, 5.7 and 6.3A of chapter 7 and section 4.7B of chapter 9. A single start-up event can include both a RT-GCG claim and a day-ahead commitment, with the potential for interaction between the RT-GCG and the constraints applied to satisfy the day-ahead schedule of record.

The IESO has identified that further clarification regarding a generator's eligibility for a RT-GCG is required where manual constraints applied to satisfy the day-ahead schedule of record (day-ahead

<sup>1</sup> [http://www.ieso.ca/imoweb/pubs/mr2011/MR-00375-R00-R03-Amendment\\_Proposal\\_v7\\_0-BA.doc](http://www.ieso.ca/imoweb/pubs/mr2011/MR-00375-R00-R03-Amendment_Proposal_v7_0-BA.doc)

**PART 3 – DESCRIPTION OF THE ISSUE**

commitment) could impact eligibility for a RT-GCG in the following scenarios:

- Where a RT-GCG claim precedes and overlaps onto a day-ahead commitment;
- Where a RT-GCG claim coincides in whole or in part with a period in which the market participant has withdrawn their day-ahead commitment but where the associated constraints appear in a pre-dispatch schedule used to validate a RT-GCG claim.

The IESO has also identified the need to clarify that manual constraints applied by the IESO at the request of the generator are excluded from RT-GCG eligibility, consistent with current IESO RT-GCG settlements procedures.

Furthermore, the IESO has identified that in the following scenarios where a RT-GCG and a DA-PCG are attributable to a single start-up event, start-up costs which are eligible under the DA-PCG should not be considered under the RT-GCG:

- Where a RT-GCG claim precedes and overlaps onto a day-ahead commitment;
- Where a RT-GCG claim precedes a day-ahead commitment without overlap of the two events and where the generator does not come offline between the two events.

For further information, please refer to the presentation delivered to the EDAC – Market Trials Working Group on September 9, 2011<sup>2</sup> which presented the IESO’s initial position on these issues, and the revised market manual documentation<sup>3</sup>.

**PART 4 – PROPOSAL (BY SUBMITTER)**

Provide your proposed amendment. If possible, provide suggested wording of proposed amendment.

Amend the market rules such that schedules resulting from manual constraints applied by the IESO at the request of a generator or manual constraints associated with a day-ahead schedule of record (day-ahead commitment) are excluded from the eligibility test for a RT-GCG.

In addition, amend the market rules to deem RT-GCG start-up costs as zero where a generator is eligible for a RT-GCG and DA-PCG attributable to a single start-up event, and where start-up costs are eligible under the DA-PCG.

<sup>2</sup> [http://www.ieso.ca/imoweb/pubs/consult/se73/se73-pag-20110909-RT-GCG\\_Settlement\\_Treatment.pdf](http://www.ieso.ca/imoweb/pubs/consult/se73/se73-pag-20110909-RT-GCG_Settlement_Treatment.pdf)

<sup>3</sup> [http://www.ieso.ca/imoweb/pubs/imdc/IESO\\_IMDC\\_0171.pdf](http://www.ieso.ca/imoweb/pubs/imdc/IESO_IMDC_0171.pdf)

**PART 5 – FOR IESO USE ONLY**

*Technical Panel* Decision on Rule Amendment Submission: Warrants Consideration

MR Number: MR-00385

Date Submitted to *Technical Panel*: October 11, 2011

Accepted by *Technical Panel* as: (please indicate with x)

General       Urgent       Minor

Date:

October 18, 2011

Criteria for Acceptance: The amendment submission identifies means to better enable the market to satisfy the market design principle of efficiency – encouraging generation and delivery of electricity that meets the needs of customers at the least cost.

Priority: Regular

Criteria for Assigning Priority: With the implementation of the Enhanced Day-Ahead Commitment process, clarification is required for eligibility and start-up cost treatment for a RT-GCG when both a RT-GCG and DA-PCG are attributable to a single start.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

*Technical Panel* Minutes Reference: IESO TP 255-1

*Technical Panel* Comments: \_\_\_\_\_