



Market Rule Amendment Submission

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 to the following:

Email Address: Rule.Amendments@ieso.ca

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: <u>IESO Staff</u>	
(if applicable) <i>Market Participant / Metering Service Provider</i> No. ¹ : <u>N/A</u>	<i>Market Participant Class</i> : <u>N/A</u>
Telephone: <u>905-855-4128</u>	Fax: <u>n/a</u>
E-mail Address: rule.amendments@ieso.ca	

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: <u>Compliance</u>	
Title: <u>Technical Feasibility Exceptions – Process Updates</u>	
Nature of Request (please indicate with x)	
<input checked="" type="checkbox"/> Alteration	<input checked="" type="checkbox"/> Deletion
<input checked="" type="checkbox"/> Addition	<input type="checkbox"/> Clarification
Chapter: <u>5</u>	Appendix: _____ Sections: <u>3.2A</u>
Sub-sections proposed for amending/clarifying: _____	

¹ 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 adopt changes made by NERC¹ to their Technical Feasibility Exception (TFE) process.

Specifically, the amendments include:

- Elimination of the initial screening stage of the TFE process;
- Elimination of the application fee for the initial assessment of a TFE application.

The proposed changes have been presented to the NERC Critical Infrastructure Protection Standards Transition Forum (CSTF) with positive feedback.

Background

NERC's Critical Infrastructure Protection (CIP) reliability standards, CIP-002 through CIP-009, provide a cyber security framework for the identification and protection of critical cyber assets that are essential to the reliable operation of the electric grid. Unlike other reliability standards, CIP standards include provisions that allow registered entities to request and receive an exception from strict compliance with the terms of a certain CIP standard requirement on the grounds of technical feasibility or technical limitations. This process is described in the NERC Rules of Procedure, Appendix 4D "Technical Feasibility Exception Procedure", initially published in January 2010.

Ontario adopted a similar process in April 2010², when the IESO Board approved the market rules that established the foundation for processing CIP Technical Feasibility Exceptions (TFE) requests from Ontario market participants. Market Manual 2.16. "Ontario Technical Feasibility Exception" further details this process which closely follows the NERC TFE process with a few exceptions, the main one being that in Ontario, TFE applications are evaluated through a cost-recovery process. The Ontario TFE process has been discussed with and received support from both NERC and NPCC.

In January 2014, NERC updated Appendix 4D of the Rules of Procedure to incorporate a couple of important changes. The first was meant to streamline the NERC TFE process by consolidating the two step application process into a single step, and eliminating the burden of quarterly reporting by registered entities. The second change introduced the requirement to submit a Material Change Report (MCR) whenever a material change to the facts underlying an approved TFE occur, provide continuing justification for the TFE, or verify that strict compliance with the applicable requirement has been achieved.

The adoption of these changes in Ontario was not initiated earlier because no new TFE applications were received or anticipated during 2014. However, these changes are opportune now as we approach the effective date of version 5 of CIP standards (April 1, 2016), which bring significant changes to the

¹ North American Electric Reliability Corporation

² [MR-00366-R00: Technical Feasibility Exceptions](#); Updates in 2011: [MR-00384-R00: Technical Feasibility Exceptions - Maintenance Cost Recovery](#)

PART 3 – DESCRIPTION OF THE ISSUE

applicability of CIP standards in Ontario and could very likely result in new TFE applications being submitted during the second half of this year and until April 2016.

Adopting the NERC TFE changes makes good business sense for Ontario. Firstly, market participants and the IESO will benefit from a more streamlined TFE process that is consistent with the TFE process used by NERC. Secondly, the new Ontario TFE process will eliminate the non-refundable application fee (\$1,350 +HST) for the initial assessment of the TFE application.

The adoption of the updates to the NERC TFE process are expected to include minor edits to section 3.2A of Chapter 5 of the market rules, in addition to changes to Market Manual 2.16. “Ontario Technical Feasibility Exception.”

PART 4 – PROPOSAL (BY SUBMITTER)

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

The IESO proposes to amend the market rules to adopt changes made by NERC to its TFE process.

PART 5 – FOR IESO USE ONLY

Technical Panel Decision on Rule Amendment Submission: Warrants consideration

MR Number: MR-00419

Date Submitted to *Technical Panel*: March 24, 2015

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

General Urgent Minor March 31, 2015

Criteria for Acceptance: The amendment submission will provide means to enable consistency with recent changes made by NERC to streamline their TFE process.

Priority: Regular

Criteria for Assigning Priority: Version 5 of NERC’s Critical Infrastructure Protection and Reliability Standards are expected to result in new TFE applications being submitted during the second half of this year until April 2016.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

Technical Panel Minutes Reference: IESOTP 289-1

Technical Panel Comments: _____