



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00419		
Subject:	Compliance		
Title:	Technical Feasibility Exceptions – Process Updates		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input checked="" type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	5	Appendix:	
Sections:	3.2A		
Sub-sections proposed for amending:	Various		

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel Review	April 21, 2015
2.0	Publish for Stakeholder Review and Comment	April 30, 2015
3.0	Submitted for Technical Panel Vote	May 26, 2015
4.0	Recommended by Technical Panel; Submitted for IESO Board Approval	June 2, 2015
5.0	Approved by IESO Board	June 24, 2015
Approved Amendment Publication Date:		June 25, 2015
Approved Amendment Effective Date:		July 17, 2015

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

- The reason for the proposed amendment and the impact on the *IESO-administered markets* if the amendment is not made.
- Alternative solutions considered.
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IESO-administered markets*.

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

The IESO will be incorporating recent changes made by NERC to their Technical Feasibility Exception Procedure. The first change is to streamline the NERC TFE process by consolidating the two step application process into a single step. The second change introduces 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.

With the proposed changes, market participants and the IESO will benefit from a more streamlined TFE process that is consistent with the TFE process used by NERC. In addition, the new Ontario TFE process will eliminate the non-refundable application fee for the initial assessment of the TFE application.

The adoption of the updates to the NERC TFE process will require market rule changes described below, in addition to changes to Market Manual 2.16 “Ontario Technical Feasibility Exception.”

Discussion

The following changes to the market rules are required:

Section 3.2A.1.1 (delete) – The existing process for TFE requests has two distinct phases. The first phase is the initial screening phase, where TFE applications are either “rejected”, or “accepted.” Accepted TFE applications proceed to the substantive phase. With the streamlining of the TFE process, the initial screening phase in section 3.2A.1.1 will be eliminated, consolidating the two-step application process into a single step.

¹ North American Electric Reliability Corporation

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Section 3.2A.3.1 (delete) – With the elimination of the initial screening phase of the existing TFE process, the non-refundable application fee (\$1,350 + HST) will also be eliminated.

Sections 3.2A.6, 3.2A.7 – The edits in these sections clarify that the IESO may utilize an independent third party, or consult with NERC or NPCC in the process of reviewing or assessing a TFE application as well as any changes to an approved TFE.

Section 3.2A.10 – TFE applicants will be required to submit a \$5,000 (refundable) deposit per TFE at the time of application. The IESO may invoice TFE applicants for any costs and expenses over and above the \$5,000 deposit for any costs and expenses for maintaining an approved TFE until the TFE is no longer in effect. If not used, any funds will be refunded at the time when the TFE is no longer in effect. Edits to this section of the existing market rules eliminate redundancy in language.

PART 4 – PROPOSED AMENDMENT

Chapter 5

3.2A Technical Feasibility Exceptions

3.2A.1 The *IESO* may:

3.2A.1.1 ~~Intentionally left blank – section deleted~~ ~~reject or accept a TFE application in whole or in part;~~

3.2A.1.2 approve a *TFE application*, in whole or in part, subject to and including any terms and conditions the *IESO* determines appropriate or disapprove a *TFE application*, in whole or in part;

3.2A.1.3 upon the request of a *market participant* amend or transfer a *TFE*, in whole or in part, subject to and including any terms and conditions the *IESO* determines appropriate; or

3.2A.1.4 terminate or amend an approved *TFE*, in whole or in part, subject to any terms and conditions the *IESO* determines appropriate.

3.2A.2 A *TFE applicant* may, in accordance with the applicable *market manual*, request the *IESO* approve, amend, transfer, or terminate one or more *TFEs* by filing with the *IESO* a *TFE application* for each required *TFE*, and shall, in accordance with the applicable *market manual* submit to the *IESO* an initial deposit. A *TFE applicant* may withdraw a *TFE application* at any time.

3.2A.3 Upon request by the *IESO*, a *TFE applicant* shall provide to the *IESO*:

- 3.2A.3.1 ~~[Intentionally left blank – section deleted] a substantive review deposit amount;~~
- 3.2A.3.2 any supporting documentation; and
- 3.2A.3.3 an executed agreement pursuant to which the *TFE applicant* agrees to pay to the *IESO* an amount equal to all of the reasonable costs incurred by the *IESO* in processing the *TFE application* and maintaining an approved *TFE* until such time as the *TFE* is no longer in effect.
- 3.2A.4 The *IESO* shall process a *TFE application* in accordance with Ontario-adapted *NERC* procedures for processing *TFE applications* as set out in the applicable *market manual*.
- 3.2A.5 Where applicable, for each *TFE application*, the *IESO* shall establish a cost threshold or subsequent cost thresholds which it considers to be reasonable and which will form part of the executed agreement set out in section 3.2A.3.3 and will monitor expenditures against the processing costs of a *TFE application* and where that threshold is reached:
 - 3.2A.5.1 the *IESO* shall advise the *TFE applicant* of the work and costs incurred to date;
 - 3.2A.5.2 the *IESO* shall provide an estimate to the *TFE applicant* of the further work and costs necessary to complete the processing of the *TFE application*; and
 - 3.2A.5.3 the *TFE applicant* may choose to continue with the processing of the *TFE application* or discontinue the processing of the *TFE application*. In the event that the *TFE applicant* chooses to discontinue the processing by withdrawing the *TFE application*, the *IESO* shall issue an *invoice* to the *TFE applicant* for the reasonable costs incurred by the *IESO* to that point.
- 3.2A.6 The *IESO* may utilize an independent third party to review a *TFE application* and any changes to an approved *TFE* submitted by a *TFE applicant*.
- 3.2A.7 The *IESO* may consult with *NERC* or *NPCC* in its assessment of a *TFE application* and any changes to an approved *TFE*.
- 3.2A.8 A failure by a *market participant* or the *IESO* to meet any of the terms and conditions of an approved *TFE* shall be a breach of the *market rules* and the *IESO* may terminate the approved *TFE* and require the *TFE applicant* to become compliant with the applicable *NERC reliability standard*.
- 3.2A.9 Subject to section 3.2A.4, all *TFEs* which remain in effect are subject to periodic review, in accordance with the applicable *market manual*, to verify continuing justification for the *TFE*.

- 3.2A.10 ~~The IESO shall submit an invoice to a TFE applicant upon completion of the processing of that applicant's TFE application in an amount equal to all of the IESO's costs and expenses up to the point of deciding whether to approve or disapprove the TFE.~~ The IESO may thereafter, from time to time, submit further invoices to the TFE applicant for costs and expenses incurred by the IESO in processing the TFE application and for maintaining the approved TFE until such time as the TFE is no longer in effect, less in each case, the amount of any deposit paid pursuant to section 3.2A.23.1 not previously applied against the IESO's costs and expenses.
- 3.2A.11 A TFE applicant shall, within thirty days of the date of an invoice referred to in section 3.2A.5.3 or 3.2A.10, pay to the IESO the amount owing.

PART 5 – IESO BOARD DECISION RATIONALE

This amendment identifies means to enable consistency with recent changes made by NERC to streamline their TFE process.