



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: _____	Fax: <u>n/a</u>
E-mail Address: rule.amendments@ieso.ca	

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: <u>Settlement Accounts</u>	
Title: <u>Transmission Rights Clearing Account Disbursements</u>	
Nature of Request (please indicate with x)	
<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion
<input type="checkbox"/> Addition	<input type="checkbox"/> Clarification
Chapter: <u>9</u>	Appendix: _____ Sections: <u>4.7</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 allow the IESO Board to direct disbursements from the Transmission Rights Clearing Account (TRCA) to better match consumption patterns during the period in which the surplus in the account was accumulated.

Background

Transmission Rights (TRs) are financial instruments which can be used to hedge the risks associated with congestion on an intertie. TRs are auctioned periodically by the IESO for designated interties and directions.

The IESO maintains the Transmission Rights Clearing Account (TRCA) for cash flows relating to the TR market. Payments to TR holders are funded from the TRCA while revenues from TR auctions and congestion rent accrue to the TRCA. Over time, excess funds may accumulate in the TRCA.

Within the existing market rules (Chapter 8, Section 4.18.2), the IESO Board can order the disbursement of funds from the TRCA to transmission customers (Ontario consumers and exporters) subject to a Board approved TRCA reserve threshold.

Disbursements of the surplus in the TRCA are subject to the methodology under Chapter 9, Section 4.7 of the market rules, which requires that a disbursement be allocated according to the consumption patterns in the monthly billing period immediately preceding the monthly billing period in which the disbursement is made. For example, if the Board directs disbursement of an amount from the TRCA and this is processed on a March physical market invoice, issued in April, the allocation is based on consumption during trade dates in March regardless of the time period over which the amount accumulated. This methodology does not effectively allocate the disbursement based on consumption patterns in the time period over which the surplus accumulated in the TRCA.

Since market commencement in 2002, the IESO Board has disbursed funds three times with payouts initiated in April 2007 for \$57M, March 2013 for \$42M, and a payout approved in March 2015 for \$100M. Due to the limitations prescribed by the existing market rule, each of these disbursements were approved to be made via multiple instalments over multiple future months (with each month's portion of the payout based on the prior billing month's consumption). This provides a more equitable disbursement that recognizes varying consumption behaviour by market participants on a month to month basis.

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 allow the IESO Board to direct the payout of future disbursements from the TRCA to better match consumption patterns during the period the surplus in the account was accumulated.

PART 5 – FOR IESO USE ONLY

Technical Panel Decision on Rule Amendment Submission: Warrants consideration

MR Number: MR-00421

Date Submitted to *Technical Panel*: April 21, 2015

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

Date:

General

Urgent

Minor

April 28, 2015

Criteria for Acceptance: The amendment submission will provide a better allocation of disbursements from the TRCA to consumers (Ontario customers and exporters) who were subject to transmission service charges during the period in which the surplus in the TRCA was accumulated.

Priority: Regular

Criteria for Assigning Priority: The changes to the disbursement methodology are expected to be implemented for future disbursements from the TRCA.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

Technical Panel Minutes Reference: IESOTP 290-1

Technical Panel Comments: _____