



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00424		
Subject:	General		
Title:	Minor Amendment Omnibus 2015		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input checked="" type="checkbox"/> Deletion	<input checked="" type="checkbox"/> Addition
Chapter:	Various	Appendix:	Various
Sections:	Various		
Sub-sections proposed for amending:	Various		

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel Review	November 24, 2015
2.0	Publish for Stakeholder Review and Comment	December 3, 2015
3.0	Submitted for Technical Panel Vote	January 26, 2016
4.0	Recommended by Technical Panel; Submitted for IESO Board Approval	February 2, 2016
Approved Amendment Publication Date:		
Approved Amendment Effective Date:		

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 a number of minor amendments to the market rules. These amendments correct typographical errors, cross-references, un-italicize terms that are not defined, and other general amendments which are minor in nature. The amendments relate to a number of different areas of the market rules, and for efficiency, have been submitted as a single “omnibus” package.

Background

Minor market rule amendments are defined in Chapter 11 of the market rules as:

“....an amendment to the market rules to correct a typographical or grammatical error, or to effect a change of a non-material procedural nature;”

A discussion of each amendment is below.

Discussion

References to the Ontario Power Authority (OPA)

The IESO and the OPA merged on January 1, 2015 as specified in section 5 “Amalgamation of the IESO and OPA” of the *Electricity Act, 1998*. Subsection 25.8 of the amended *Electricity Act* addresses transitional matters of the amalgamation, and subsection 25.8(4) specifies that references to the predecessor IESO or the OPA shall be read as if it were a reference to the amalgamated IESO.

As a matter of clean-up, it is proposed to remove the following unnecessary references to the OPA in the following existing sections in Chapter 5 related to reliability assessments and related reports:

- Section 7.4.5.3 – the IESO shall conduct reliability assessments to assist the OEB and the OPA in meeting their respective objectives;
- Section 7.7.6 – the IESO may produce additional related reports as required by relevant standards authorities, the IESO Board, the OEB and the OPA;
- Section 7.10.2 - within the context of adverse conditions on the IESO-controlled grid (ICG) that requires action, the IESO may direct a transmitter to prepare a detailed proposal. The transmitter is required to submit the proposal to the OEB, the OPA and other governmental authorities;
- Section 7.10.3 – If the IESO identifies an adverse condition on the ICG, the IESO shall notify the OEB and the OPA of its determination.

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References to the “OPA” in the following existing sections will be amended to “former OPA” to recognize the need for a continued reference to the OPA:

- Chapter 7, section 17.1.1 – the capacity based demand response program shall be a temporary program to transition the former OPA’s existing DR3 contracts;
- Chapter 11 definition of “capacity based demand response” – same as above;

Note: The reference to the OPA in section 10A.3 of Chapter 1 (General Conduct Rule) will be amended via a separate market rule amendment.

Un-Italicize Terms – “Real-Time Operation”

The term “real-time operation” is not defined within Chapter 11 of the market rules. It is proposed to un-italicize “real-time operation” in the following sections:

- Chapter 7, sections 1.1.1, 7.1.1 and 7.7.1;
- Appendix 7.5 section 2.7.4;
- Chapter 8, sections 4.7.3.1, 4.7.3.2 and 4.7.3.5;
- Chapter 11 definition of “dispatch”.

Correct Typographical Errors

Section 6.3 of Chapter 7 - Real-Time Scheduling of Generation Facilities Eligible for the Generation Cost Guarantee, details the IESO’s ability to apply manual constraints to generation facilities for reliability reasons, to ensure that facilities who have offered into the pre-dispatch schedule are scheduled for at least its minimum generation block run time.

The IESO proposes to correct a typographical error in section 6.3A.4 of Chapter 7 and replace “pre-dispatch of record” which is not a defined term in Chapter 11 with “pre-dispatch schedule.”

Clarification – Former Market Participant

The IESO proposes to introduce the concept of a “former” defaulting market participant in sections 8.8.2 and 8.8.3 of Chapter 2 (Other Recovery of Default Amounts). As well the IESO proposes to replace the phrase of a “market participant who has exited the market” with a “former market participant” in sections 6.6.8.2 part ‘b’ and 6.8.5.3 part ‘b’ of Chapter 9 (Settlement Statement Recalculations).

Market participant is defined in Chapter 11 as “a person who is authorized by the market rules to participate in the IESO-administered markets.” Characterizing a person as a “market participant who has exited the market” is contradictory.

Non-Material Procedural Change – Settlement Adjustment of a Former Market Participant

The IESO proposes to add section 6.15.10 in Chapter 9 of the market rules to enable the IESO to offset

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

the IESO administration charge as a result of a settlement adjustment only in those instances where the IESO is unable to contact and distribute any such funds to a former market participant. Offsetting funds related to a settlement adjustment towards the IESO administration charge is consistent with an existing section 8.8.3 of Chapter 2 related to the default levy process. Since market opening, there has been only one instance where the IESO was unable to contact a former market participant regarding a settlement adjustment for an immaterial amount.

The applicable market manual will specify the following process in the event that a payment to a former market participant is returned or when the IESO cannot contact a former market participant:

- The IESO will send a notification letter to the last known address recorded with the IESO;
- For amounts under \$10,000, after 60 days following the notification letter, if the IESO has not received a written response, or receives an inadequate response (as determined by the IESO in its sole discretion) to process the disbursement, the former market participant shall have no further claims with respect to any current or future disbursements;
- For amounts equal to or greater than \$10,000, after 2 years following the notification letter, if the IESO has not received a written response, or receives an inadequate response (as determined by the IESO in its sole discretion) to process the disbursement, the former market participant shall have no further claims with respect to any current or future disbursements.
- Any undisbursed amounts shall be applied against the IESO administration charge.

Amend Incorrect Cross-References

Chapter 3, section 2.2.3.5 (disputes relating to a suspension order):

- Remove cross-reference to, “which shall be governed by sections 6.3.15 to 6.3.20.” The market rules which enabled a suspended market participant to request a hearing (previous sections 6.3.15 to 6.3.20) were deleted in 2008 via [MR-00335: Revisions to the Suspension, Termination, and Disconnection Provisions for Events of Default](#).

Chapter 9, section 4.8.2:

- Replace the cross-reference to section 3.5.7 with a reference to section 3.5.6. Section 3.5.7 was deleted in 2009 as part of [MR-0357: Minor Amendment Omnibus 2009](#). Deleted section 3.5.7 detailed the IESO’s manual adjustment process for the adjustment specified in section 3.5.6 with a previous cross-reference between 3.5.6 and 3.5.7. Therefore, since the manual adjustment is no longer relevant, the allocation methodology in section 4.8.2.6 should correctly reference section 3.5.6.
- Correct a one-sided cross-reference: Unrelated to the above change, it is proposed to add a cross-reference in section 4.8.2 to existing section 3.5.7A of Chapter 9. Section 3.5.7A was implemented in the market rules in 2011 as part of [MR-00375: EDAC Market Rule True-up](#). Existing section 3.5.7A correctly cross-references section 4.8.2. However, existing section 4.8.2 does not cross-reference back to 3.5.7A.

PART 3 – EXPLANATION FOR PROPOSED AMENDMENTAmend Incorrect Cross-References to Sections in the Electricity Act, 1998:

The *Electricity Act, 1998* is updated on a regular basis and occasionally, specific subsections which are directly referenced with the market rules change. The following sections of the market rules will be amended to align with latest version of the *Electricity Act, 1998*.

- Chapter 1, section 5.2: amend reference 5(1) of the *Electricity Act, 1998* to 6(1);
- Chapter 2, section 10.1.1: amend reference 19 of the *Electricity Act, 1998* to 25;
- Chapter 5, section 1.1.1: amend reference 5 of the *Electricity Act, 1998* to 6;
- Chapter 11, definition of “Governance and Structure By-Law:” amend reference 16(2) of the *Electricity Act, 1998* to 22(2);
- Chapter 11, definition of “operating agreement:” amend reference 5(1)b of the *Electricity Act, 1998* to 6(1)b.

PART 4 – PROPOSED AMENDMENT**Delete/Amend OPA References****Chapter 5****7.4 Purpose of Assessments**

7.4.5 The *IESO* shall conduct the assessments referred to in section 7.3.1.5 to:

- 7.4.5.1 meet its obligations to maintain the *reliability* of the *IESO-controlled grid*;
- 7.4.5.2 meet the requirements of *standards authorities*; and
- 7.4.5.3 assist the *OEB* ~~and the *OPA*~~ in meeting their ~~respective~~ objectives.

7.7 Updated and Related Reports

7.7.6 From the material and assessments in the assessment reports referred to in section 7.3.1, the *IESO* may produce additional related reports as required by relevant

standards authorities, the *IESO Board*, the *OEB*, ~~the *OPA*~~, and the Government of Ontario.

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7.10 IESO Actions

7.10.2 If the *IESO* does not believe that *market participants* have or will voluntarily put forward reasonable commitments for technically feasible options to alleviate the condition identified in section 7.10.1, the *IESO* may direct the *transmitter(s)* in the relevant location(s) to prepare a detailed proposal for the enhancement of the *IESO-controlled grid*. The *transmitter(s)* shall submit the proposal to the *OEB*; ~~the *OPA*~~, and other governmental agencies having authority to approve the proposal, in the form of an application for approval of the enhancement. The *IESO* shall notify the *OEB* ~~and the *OPA*~~ of its identification of the adverse condition.

7.10.3 If the *IESO* identifies an adverse condition on the *IESO-controlled grid* that does not require action to be initiated within the next twelve months, the *IESO*:

- shall notify the *OEB* ~~and the *OPA*~~ of its determination; ~~and,~~
 - ~~may provide support to the *OPA* in the *OPA's* assessment of the options that may be available for *market participants* or others to remove or alleviate the condition.~~
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Chapter 7

17. Capacity Based Demand Response Program

17.1 Term and Termination

17.1.1 The *capacity based demand response program* shall be a temporary program to transition the ~~former~~ *OPA's* existing DR3 contracts to an *IESO* administered program as follows:

.....

Chapter 11

capacity based demand response program means the temporary program used by the *IESO* to transition the ~~former~~ *OPA's* contract based DR3 program into the *IESO-administered market*;

.....

Un-Italicize Terms – “real-time operation”

Chapter 7

1.1 Purpose

- 1.1.1 This Chapter sets forth rules governing the real-time operations ~~real-time operations~~ of the *electricity system*, and the market-clearing and pricing process in the *physical markets*.
-

7.1 Purpose and Timing of Dispatch Instructions

- 7.1.1 The *IESO* shall determine *dispatch instructions* for each *registered facility* as described in this section 7, as the primary means of co-ordinating the real-time operation ~~real-time operation~~ of the *electricity system*.
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7.7 Additional IESO Powers in Emergency and High-Risk Conditions

- 7.7.1 During real-time operations ~~real-time operations~~, the *IESO* is responsible for declaring an *emergency operating state* or a *high-risk operating state* under circumstances described in sections 2.3 and 2.4 of Chapter 5.
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Appendix 7.5

2.7 Constraint Penalty Functions and Violation Variables

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- 2.7.4 The use of violation variables shall indicate that a feasible schedule is possible as long as some constraints are relaxed. If relaxation of such constraints is acceptable for purposes of real-time operations ~~real-time operations~~, such feasible schedule shall be accepted. If relaxation of such constraints is not acceptable for purposes of real-time operations ~~real-time operations~~, the *dispatch instructions* issued may differ so that an acceptable schedule can be determined.
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Chapter 8

4.7 Determination of Transmission Transfer Capabilities

4.7.3 The *IESO* shall establish the operating assumptions referred to in section 4.7.2 in accordance with the following:

4.7.3.1 transmission line ratings shall be calculated on a seasonal basis based on *good utility practice*, shall be the same ratings as those used by the *IESO* in its [real-time operations](#) ~~real-time operations~~ and may differ when the *IESO-controlled grid* is undergoing a *contingency event* relative to the ratings that would apply when the *IESO-controlled grid* is in a *normal operating state*;

4.7.3.2 the *facilities, inerties* and conditions that are monitored by the *IESO* for *security* reasons in its [real-time operations](#) ~~real-time operations~~ shall be emulated;

.....

4.7.3.5 the transmission limits of the *IESO-controlled grid* shall be adjusted to reflect an estimate of the transmission reliability margin observed by the *IESO* in its [real-time operations](#) ~~real-time operations~~;

.....

Chapter 11

dispatch means the process by which the *IESO* directs the [real-time operation](#) ~~real-time operation~~ of *registered facilities* to cause a specified amount of electric energy or *ancillary service* to be provided to or taken off the *electricity system*;

Correct Typographical Error

Chapter 7

6.3A Real-Time Scheduling of Generation Facilities Eligible for the Generation Cost Guarantee

6.3A.4 In consultation with the *registered market participant*, the *IESO* may, for *reliability* reasons, during the time period from the release of the *pre-dispatch* [schedule of record](#) until the *dispatch hour*, manually apply a constraint to a

generation facility that submitted *offers* into the *pre-dispatch schedule* to ensure that the output from that *generation facility* is scheduled for at least its *minimum generation block run time*. If the *IESO* applies that manual constraint, the *generator* will be deemed to have accepted the generation cost guarantee provided that:

- the criteria specified in sections 5.7.1.1 and 5.7.1.4 are satisfied; and
- the *generation facility* is not synchronized at the time the manual constraint is applied.

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Clarification – Former Market Participant

Chapter 2

8.8.2 Subject to section 8.8.3, any full or partial recovery made by the *IESO* pursuant to section 8.8.1 shall be distributed to each *non-defaulting market participant* that remitted payment to the *IESO* on account of a *default levy* on a prorated basis according to, and in an amount that does not exceed, the amount so remitted by the *non-defaulting market participant*. Where the *non-defaulting market participant* is, at the relevant time, still a *market participant*, any such amount shall appear as a credit on the next *invoice* scheduled to be issued to that *non-defaulting market participant* under Chapter 9. Where the *non-defaulting market participant* is no longer a *market participant* at the relevant time, any such amount shall be paid to the [former](#) *non-defaulting market participant* in such manner as the *IESO* determines appropriate.

8.8.3 In the event that the *IESO* cannot, after taking all reasonable steps to do so, locate a [former](#) *non-defaulting market participant* that has remitted payment to the *IESO* on account of a *default levy*, any amount that would otherwise be distributed to such [former](#) *non-defaulting market participant* under section 8.8.2 shall:

8.8.3.1 be allocated and distributed to other *non-defaulting market participants* in the manner described in section 8.8.2; or

8.8.3.2 where other *non-defaulting market participants* have already been reimbursed in respect of a *default levy* and are therefore not entitled to payment of any amounts under section 8.8.2, be used to offset the *IESO administration charge*.

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Chapter 9

6.6 Validation of Preliminary Settlement Statement

6.6.8 Any changes required to be made in the final *settlement amounts* as a result of the validation process described in this section 6.6 shall, subject to section 6.16.3, be included as:

- 6.6.8.1 a debit or credit in the *final settlement statement*, or
- 6.6.8.2 if the *IESO* has already issued the *final settlement statement* prior to the determination of the required change, as:
 - a. a *current period adjustment* to a subsequent *preliminary settlement statement* issued for each affected *market participant* if the total amount to be credited or debited is less than \$3,500,000; or
 - b. an *adjustment period allocation* to a subsequent *preliminary settlement statement* issued for each affected *market participant* if the total amount to be debited or credited is greater than or equal to \$3,500,000. If, after making all reasonable efforts to do so, the *IESO* cannot recover these amounts from or distribute these amounts to a *former market participant* ~~who has exited the market~~, such amounts shall then be included as a *current period adjustment* to a subsequent *preliminary settlement statement*.

6.8 Settlement Statement Recalculations

6.8.5 If a *settlement statement re-calculation* is ordered by the arbitrator, the *IESO* shall:

- 6.8.5.3 for any other *market participant* affected by the *settlement statement re-calculation*, reflect the amounts to be debited or credited in a subsequent *preliminary settlement statement* issued for the *market participant* by means of applying the incremental dollar amount determined in section 6.8.5.1 as:
 - a. a *current period adjustment* to all such *preliminary settlement statements* if the amount to be debited or credited to the *market participant* that originally filed the *notice of dispute* which resulted in the *settlement statement re-calculation* is less than \$3,500,000; or

- b. an *adjustment period allocation* to all such *preliminary settlement statements* if the amount to be debited or credited to the *market participant* that originally filed the *notice of dispute* which resulted in the *settlement statement re-calculation* is greater than or equal to \$3,500,000. If, after making all reasonable efforts to do so, the *IESO* cannot recover these amounts from or distribute these amounts to a [former market participant](#) ~~who has exited the market~~, such amounts shall then be included as a *current period adjustment* to a subsequent *preliminary settlement statement*.
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Non-Material Procedural Change – Settlement Adjustment of Former Market Participants

Chapter 9

6.15 Payment Errors, Adjustments, and Interest

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- [6.15.10](#) Where an amount is payable to a former *market participant* as a result of a *settlement adjustment*, the *IESO* shall endeavor to distribute the amount as specified in the applicable *market manual*. If the *IESO* cannot distribute the amount to the former *market participant* as specified in the applicable *market manual*, such amount shall be used to offset the *IESO administration charge*.
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Incorrect Cross References

Chapter 3

2.2 Application

- 2.2.3 The dispute resolution process provided for in this section 2 shall not apply to the following:
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- 2.2.3.5 disputes between the *IESO* and a *market participant* relating to a *suspension order* issued by the *IESO*, ~~which shall be governed by sections 6.3.15 to 6.3.20~~, or to a *termination order* issued by the *IESO*,

in respect of which an appeal may be filed with the *Ontario Energy Board* pursuant to section 36 of the *Electricity Act, 1998*;

.....

Chapter 9

4.8.2 The *IESO* shall, at the end of each *energy market billing period*, distribute to *market participants*, on a pro-rata basis across all allocated quantities of *energy* withdrawn at all *RWMs* and *intertie metering points* during all *metering intervals* and *settlement hours* within that *energy market billing period*, the following amounts:

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4.8.2.6 any adjustments made by the *IESO* in accordance with section 3.5.67;

.....

4.8.2.14 any proceeds from the day-ahead *generator* withdrawal charge under section 3.8F; ~~and~~

4.8.2.15 any recovery of payments made by the *IESO* under section 3.5.10; ~~and~~

4.8.2.16 any recovery of payments made by the *IESO* under section 4.7D.7; ~~and~~

4.8.2.17 any recovery of payments made by the *IESO* under section 3.5.7A.

.....

Correction – References to Sections in the Electricity Act, 1998

Chapter 1

5.2 Objects of the IESO

5.2.1 The objects of the *IESO* are specified in subsection 65(1) of the *Electricity Act, 1998*.

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Chapter 2

10. Market Participant Fees

10.1.1 The *IESO* shall not less than annually *publish* and notify *market participants* of the fees or schedule of fees payable by *market participants* and persons who apply for authorization to become *market participants*, including the application fee referred to in section 3.1.2.1. Such fees or schedule of fees shall be those approved by the *Ontario Energy Board* from time to time pursuant to section [1925](#) of the *Electricity Act, 1998*.

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Chapter 5

1.1 Purposes of Chapter 5 and Interpretation

1.1.1 Pursuant to section [65](#) of the *Electricity Act, 1998*, one of the objects of the *IESO* is to maintain the *reliability* of the *IESO-controlled grid*. This Chapter of the *market rules* sets forth:

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Chapter 11

Governance and Structure By-law means the by-law of the *IESO* made pursuant to subsection [22\(2\)16\(2\)](#) of the *Electricity Act, 1998*;

.....

operating agreement means an agreement between the *IESO* and a *transmitter* which gives the *IESO* the authority to direct operations of the *transmitter's transmission system*, as contemplated in subsection [65\(1\)\(b\)](#) of the *Electricity Act, 1998* and in subsection 70(2)(k) of the *Ontario Energy Board Act, 1998*;

PART 5 – IESO BOARD DECISION RATIONALE

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