



## Market Rule Amendment Written Submission

This form is used to provide comment on a *market rule* amendment under consideration by the *IESO*. Please complete all four sections 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 Written 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* intends to *publish* this written submission.

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 your organization and contact information in full.

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(if applicable) *Market Participant / Metering Service Provider* No.<sup>1</sup>: \_\_\_\_\_ *Market Participant Class:*  
Transmitter

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### PART 2 – MARKET RULE AMENDMENT REFERENCE

**Type of Rule Amendment Being Commented on** (please indicate with x):

Amendment Submission     Proposed Rule Amendment     Recommended Rule Amendment

**MR Number:** MR-00326-Q00: Review of New Reliability Standards

This *Market Rule* number is located on the “Current Market Rule Amendment” web page.

**Date Relevant Amendment Submission, Proposed or Recommended Rule Amendment Posted for Comment:** January 18, 2007.

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

**PART 3 – COMMENTS ON RULE AMENDMENT**

Provide your comments.

Hydro One Networks Inc. supports the Technical Panel's decision to request comments at the earliest stage of this market rule amendment and appreciates the opportunity given to submit our observations. In addition to the Panel's usual practice of requesting general feedback on a market rule, Hydro One encourages the Technical Panel to focus stakeholder feedback on key issues identified by the Panel by posing specific questions (such as the four questions for MR-00326-Q00).

With respect to the Panel's four questions, Hydro One's response is included below:

**1. Which interim mechanism do stakeholders believe is more appropriate, and why: the one suggested by OPG in this submission or the existing exemption process as suggested by the IESO?**

Hydro One believes that new standards should not become automatically enforceable in Ontario without an appropriate approval process. Similar to other Canadian Provinces, the Ontario Energy Board (the Board) should be the only entity in Ontario having the authority to approve and remand reliability standards as the ERO reliability standards contain compliance requirements that apply to many entities in Ontario, including the IESO. However, until such time when the necessary legislation enacted to give the Board this authority, Hydro One supports OPG's proposed interim mechanism, and resists the IESO's suggestion of using the exemption process for the following reasons:

- Exemptions are, by definition, a mechanism for relieving individual entities from bona fide rules or regulations. A separate regulatory process is needed to test the very substance and appropriateness of such rules and regulations in the first place. Thus, the exemption process should not be used as a substitute for remanding reliability standards because exemptions are intended to provide temporary relief to a market participant who for specific reasons cannot comply with a market rule;
- The exemption process is unsatisfactory for the intended use in that it is retrospective rather than forward-looking;
- Rectification of results by way of appeals was never intended to be a substitute for a process that is clear, fair and informative;
- Exemptions are granted on an individual basis to the applicant, and do not apply to all market participants in the same situation;
- The existing exemption process should be an option of last resort, rather than a methodology for remanding market rules;
- The IESO's exemption process imposes costs and administrative burdens on Market

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Participants. Examples are:

- Chapter 1, Section 14.5 of the market rules obligates the applicant to cover the costs of the exemption process;
  - Chapter 1, Section 14.3 of the market rules obligates the applicant to whom the exemption has been granted to provide to the IESO such information as the IESO may request, including compliance with any terms and conditions of the exemption and progress of the implementation plan submitted with the application.
- Introducing market rules through the Technical Panel and the IESO Board, allows for market participants to apply to the Board for re-consideration of the market rule.

**2. What changes, if any, would be required, and why, to the interim mechanism preferred by the stakeholder?**

As indicated in our answer to question 1, Hydro One believes that the Board should be the only entity that ultimately has the authority to approve or remand reliability standards within a process that ensures individual consideration of each standard and stakeholder input and industry consensus. Due to their impact, as an interim mechanism, approval of a standard must be treated, as a minimum, as a market rule amendment so that it receives proper consideration and market participants are able to follow due process and apply to the Board if necessary.

**3. Is there any other means or process (existing or new) that should be considered as the interim mechanism?**

Any interim mechanism that is adopted in Ontario must include extensive stakeholder input and consensus, and allow standards to be subject to regulatory review in Ontario. Standards should not automatically become effective and enforceable in Ontario following adoption by a reliability organization.

**4. Are there any principles or factors that the Panel should consider in its determination of the appropriate interim mechanism?**

The Technical Panel should recognize that the authority for approving or remanding reliability standards must reside with the regulator of the electricity industry in Ontario (i.e. the Board). Moreover, that the adoption of standards in Ontario should follow a consensual and open process in accordance with practices used by NERC and accredited standards authorities in Canada.

**PART 4 – EXTERNAL CONSULTATION MEETING**

If you believe that a special meeting of stakeholders would be necessary/desirable to discuss the issues raised by the rule amendment, please complete the following information:

External Stakeholdering meeting necessary/desirable (please indicate with x):

Reason(s) why you believe a meeting is necessary/desirable:

Adoption of Reliability Standards in Ontario is an action that carries great and important implications to the industry regulator and all market participants. It is desirable to give market participants and the IESO the opportunity to discuss with participation as broad as possible.