



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
 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

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| Please enter your organization and contact information in full. | |
| Name: <u>Mike Penstone</u> | |
| (if applicable) <i>Market Participant / Metering Service Provider</i> No. ¹ : _____ | <i>Market Participant Class:</i> <u>Transmitter</u> |
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| E-mail Address: <u>Mike.Penstone@HydroOne.com</u> | |

PART 2 – MARKET RULE AMENDMENT REFERENCE

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| Type of Rule Amendment Being Commented on (please indicate with x): | |
| <input type="checkbox"/> Amendment Submission | <input checked="" type="checkbox"/> Proposed Rule Amendment |
| <input type="checkbox"/> Recommended Rule Amendment | |
| MR Number: <u>MR-00330</u> | |
| This <i>Market Rule</i> number is located on the “Current Market Rule Amendment” web page. | |
| Date Relevant Amendment Submission, Proposed or Recommended Rule Amendment Posted for Comment: <u>March 29, 2007</u> | |

¹ 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. (“Hydro One”) appreciates the opportunity to provide comments on the proposed market rule amendment. The purpose of the proposed amendment is to provide clarity to market participants regarding the compliance obligations that they have with respect to the industry reliability standards that apply to them.

The issue at hand is that NERC Standards and NPCC Criteria obligations are written in terms of the current NERC Functional Model, which does not directly align to the structure and entities in the Ontario framework. It is clear that there is not complete correspondence between the NERC Functional Model Entities and the licensed entities in Ontario, with the result that responsibilities assigned in the NERC Standards fall on more than one entity in Ontario.

Responsibilities in the Ontario framework have been assigned to entities by the *Electricity Act, 1998*, and are re-stated in the many Agreements that have been executed among these entities. The *Electricity Act* pre-dated the NERC Functional Model and many of the industry standards.

We would like to offer the following comments on the proposed amendment:

Section 3.2.5:

From our introductory comments above, it is clear that responsibilities in Ontario, assigned by legislation and agreements, do not match the high level “responsible entity designation” in the proposed amendment, thus:

- The designation of responsible entity registration, as referred to in 3.2.5.1 is an unnecessary step. The mapping of responsibilities in Ontario must be done at the requirement level for each individual NERC Standard, NPCC-CBRE Regional Standard and NPCC Inc. Criteria Document rather than at the much more general “responsible entity designation” to which the proposed amendment refers.

Section 14.1.2:

- Market participants should be given the option to fulfill their reporting requirements either directly to the international standards authorities or through the IESO. In particular, note that the NPCC-CBRE is in the process of developing and implementing a web-based compliance reporting system intended for direct use by all entities in the NPCC footprint. Other regions in North America either already have or will implement similar reporting procedures.
- The proposed amendment introduces a statement that by submitting information to the IESO, a market participant is considered to have fulfilled any requirements under a reliability standard to report such information to standards authorities. It is Hydro One’s view that it will be necessary for these standards authorities to provide that direction directly to the market participants. We respectfully submit that the clause does not become effective until the IESO produces written confirmation from such standards authorities that they agree with the arrangement.
- The reporting requirements and timelines adopted by the IESO should exactly duplicate those established by the standards authorities, that is, the compliance reporting templates adopted by

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| <p>the IESO must correspond exactly to those employed by NERC and NPCC for the same standards and criteria.</p> <ul style="list-style-type: none">• The contents and timelines used by NERC and NPCC are the result of extensive discussions and input by experts in the industry participating in committees and task forces in these institutions. They reflect times that are considered to be practical and realistic.• Any additional reporting requirement established by the IESO must be endorsed by the affected market participants to ensure that Ontario’s circumstances justify the cost and burden of these additional requirements. If approved, the reporting templates should clearly delineate the portion that is included in the information requirements of the NERC Standards / NPCC Criteria from the IESO’s “made in Ontario” requirements. |
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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:

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