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## Market Rule Amendment Submission

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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 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 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: IESO Staff

(if applicable) *Market Participant / Metering Service Provider* No.<sup>1</sup>: n/a *Market Participant Class:* n/a

Telephone: 905-855-6464 Fax: 905-855-6371

E-mail Address: \_\_\_\_\_

### PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: Enhanced Day-Ahead Commitment Process (EDAC)

Title: Intertie Offer Guarantee (IOG) Offset Settlement Credit

Nature of Request (please indicate with x)

Alteration       Deletion       Addition       Clarification

Chapter: 9      Appendix: \_\_\_\_\_      Sections: 3.8A.4

Sub-sections proposed for amending/clarifying: \_\_\_\_\_

<sup>1</sup> 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*.

#### **Background**

Throughout out 2009 and early 2010, the Technical Panel reviewed and recommended two EDAC-related market rule amendment proposals:

- MR-00348-R00-R06: EDAC – 24-hour Optimization and 3-part Offers (<http://www.ieso.ca/imoweb/pubs/mr2009/MR-00348-R00-R06-BA.pdf>); and
- MR-00349-R00-R04: EDAC – Settlement Guarantees (<http://www.ieso.ca/imoweb/pubs/mr2010/MR-00349-R00-R04-BA.pdf>).

At the time that market rule amendments MR-00348 and MR-00349 were approved, it was understood that a market rules “true-up” package would be required to address IESO obligations for pseudo-units and other minor corrections and clarifications. These changes are under MR-00375-R00-R03: EDAC - Market Rules True-up.

Concurrent with the Technical Panel’s review of review of amendment proposal MR-00375-R00-R03, the IESO consulted with the Inter-Jurisdictional Trading (IJT) Standing Committee regarding the impact of the stakeholdered EDAC design on the intertie offer guarantee (IOG) offset settlement guarantee.

During that consultation process, the IESO received one set of written comments from an IJT member representing Ontario Power Generation (OPG) who proposed that a design change for the IOG offset may be warranted.

#### **History of IOG and IOG offset**

The IOG and the IOG settlement credit offset were introduced shortly after market commencement under MR-00177 and MR-00204, respectively. IOG payments are intended to encourage imports required to help maintain reliability of the grid through injection of MWs into Ontario. The IOG offset is intended to eliminate payment of an IOG to a market participant with imports and exports in the same dispatch interval but which are not identified by the market participant as a “linked wheel” pursuant to section 3.5.8.2 of Chapter 7. When it was first introduced, the IOG offset calculation was based on the export quantities in the real-time market (unconstrained) schedule.

In 2006, day-ahead imports and day-ahead IOG were introduced as part of the day-ahead commitment process (DACP). The introduction of DACP required the addition of a day-ahead IOG offset. The DA-IOG offset was calculated using export quantities in the real-time market schedule because day-ahead exports were not included in the DACP design.

Under the EDAC design approved by the IESO Board, exports are now included in the day-ahead schedule of record. The combined day-ahead and real-time IOG offset calculation first offsets day-ahead IOG payments using export quantities in the day-ahead constrained schedule. Then, if there are any day-ahead or real-time IOG payments remaining, they can be offset by export quantities in the real-time constrained schedule. The use of the constrained export schedule in real-time is intended to provide consistency within the IOG offset calculation.

**PART 3 – DESCRIPTION OF THE ISSUE**

OPG has raised a concern about the EDAC design for the IOG offset process, which uses the export constrained schedule rather than the export unconstrained (market) schedule. OPG notes that the current design could deter exports thereby exacerbating surplus generation issues in the Northwest.

**PART 4 – PROPOSAL (BY SUBMITTER)**

Provide your proposed amendment. If possible, provide suggested wording of proposed amendment.

Amend Chapter 7, section 3.8A.4 such that the RT-IOG offset calculation is based on the lesser of the real-time export market schedule or the real-time export constrained schedule.

**PART 5 – FOR IESO USE ONLY**

*Technical Panel Decision on Rule Amendment Submission:* Warrants Consideration

MR Number: MR-00377

Date Submitted to *Technical Panel*: February 10, 2011

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

General       Urgent       Minor

Date:

February 15, 2011

Criteria for Acceptance: It identifies means to better enable the market to satisfy the market design principles of reliability and efficiency. The current design of the IOG offset calculation could deter exports thereby exacerbating surplus generation issues in the Northwest, which could have impacts on market efficiency and reliability.

Priority: Regular

Criteria for Assigning Priority: A regular priority is warranted because further discussion with stakeholders is required to determine the impact and materiality of the identified concern.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

*Technical Panel Minutes Reference:* IESOTP 248-1

*Technical Panel Comments:* \_\_\_\_\_