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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

<b>Identification No.: MR-00219-R00</b>	
<b>Subject: Outage Coordination</b>	
<b>Title: Arranging Replacement Energy to Support Planned Outages</b>	
<b>Nature of proposal (please indicate with X):</b> ___ Alteration ___ Deletion <u> X </u> Addition	
<b>Chapter: 5</b>	<b>Appendix:</b>
<b>Sections: 6.3</b>	
<b>Sub-sections proposed for amending: 6.3.6 – 6.3.10 (new)</b>	

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Submitted to Technical Panel for Review	February 21, 2003
2.0	Recommended by TP (TP 121) and Submitted for IMO Board Approval	February 25, 2003

**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 *IMO-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 *IMO-administered markets*.

Planned outages of facilities and equipment are needed to perform necessary, and in some cases, regulatory maintenance and to maintain the reliability of the facilities in question. Since market start the IMO has rejected some outage requests for overall adequacy reasons in accordance with the Market Rules.

The denial of certain planned outages can result in the forced outages of some of these facilities. Forced outages have a negative impact on the reliability of the IMO-Controlled Grid (sudden loss of generation or transmission facilities or equipment), operation of the IMO-administered markets (price volatility), as well as result in higher costs to participants in having to do maintenance on an unplanned basis. Due to the forecast tight supply situation in Ontario, as indicated in the current IMO quarterly 18-month outlook, rejection of outages at certain times for adequacy reasons is expected to continue. The negative impacts on reliability and the markets noted above would, as a result, continue and potentially grow worse.

The market rules should authorize and enable the ability for generator market participants to arrange imports as replacement capacity or energy to support generator facility outages, with sufficient safeguards to minimize potential adverse impacts on reliability and the market. Supporting outages through provision of replacement capacity or energy benefits market participants. This mechanism will provide an opportunity for a market participant to gain approval of a planned outage that would otherwise be rejected. This mechanism will not disadvantage the planned outage requests made by generators that have no replacement energy associated with them. In turn, this can provide benefits to other market participants by enhancing reliability in the sense that it is less likely that these units will be forced out of service as they are able to maintain a planned maintenance schedule. This would be true only in those instances where there was no other way for the market participant to achieve the outage(s) required to complete necessary maintenance on its facilities. A reduction in the instances of forced outages and the resulting reliability impacts would also assist the IMO in meeting its obligations to maintain reliable operation of the IMO-controlled grid.

A summary of the key elements of the proposed market rule amendments contained within Part 4 of this document are as follows:

- Section 6.3.6 – articulates the voluntary nature of the replacement energy to support planned outages program and identifies the replacement energy as an import;
- Section 6.3.7 – establishes the generator’s obligation to provide specific information when the planned outage request is made;
- Section 6.3.7.1 – introduces the consultative approach between the IMO and the generator in the generator’s identification of the intertie zone or zones through which the replacement energy would be scheduled;
- Section 6.3.7.2 – requires the generator to identify to the IMO who shall be scheduling the replacement energy at the interties on their behalf and articulates that this party shall be subject to

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the intertie transaction compliance rules. The IMO shall not take action where failures occur beyond the control of the market participant, however, exemptions from enforcement specified in the guidelines on Intertie Transactions on ‘economic grounds’ will not be applied to the replacement energy program.

- Section 6.3.8 – IMO retains the right to limit this program, as is deemed necessary to maintain the reliable operation of the IMO-controlled grid and articulates the existing time stamp precedence is used to determine the precedence of outages;
- Section 6.3.9 – clarifies the IMO may define what amount of replacement energy is necessary for the approval of the planned outage request and the duration of the replacement energy offers;
- Section 6.3.10 – failure by the boundary entity to submit offers shall, if the failure is determined to be an event of non-compliance, the generator shall be subject to the formula based penalties under the provisions of section 6.6.8 of Chapter 3.

### PART 4 – PROPOSED AMENDMENT

#### Replacement Energy to Support Planned Outages

6.3.6 A generator may, no later than the time specified in section 6.4.1, in requesting a planned outage in accordance with section 6.3.1, notify the IMO that the generator shall arrange replacement energy offers in the form of an import to support the outage request. A generator may, if requesting an extension to an outage under section 6.4.7 or rescheduling an outage under section 6.4.10, notify the IMO that the generator shall arrange replacement energy offers in the form of an import to support the outage extension or re-scheduling request at that time.

6.3.7 The generator shall provide the following information to the IMO when submitting a planned outage request in accordance with section 6.3.6:

6.3.7.1 In consultation with the IMO, the intertie zone or zones through which the replacement energy would be scheduled; and,

- 6.3.7.2    The registered market participant associated with a registered facility that is a boundary entity who shall be submitting the offers and, pursuant to section 7.5.8A of Chapter 7, schedule the replacement energy if dispatched by the IMO.
- 6.3.8        The IMO may limit the number and aggregate size of outages supported by replacement energy, and, where the number and aggregate size of outages is limited the IMO shall determine the precedence of the outages, in accordance with sections 6.4.13 through 6.4.18.
- 6.3.9        The IMO may specify and inform the generator of the minimum MW amount of replacement energy and the duration of offers necessary to support the planned outage request.
- 6.3.10      If the registered market participant associated with a registered facility that is a boundary entity referred to in section 6.3.7.2 fails to submit offers for the replacement energy, and if such failure is determined to be a breach of the market rules, the generator shall be subject to the provisions of section 6.6.8 of Chapter 3.

**PART 5 – IMO BOARD COMMENTS**