



## Market Rule Amendment Submission

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@theIMO.com](mailto:Rule.Amendments@theIMO.com)

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 *IMO* 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 *IMO* 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

<b>Name:</b> - Barbara Reuber - Ontario Power Generation Inc.	
(if applicable) <b>Market Participant / Metering Service Provider No. <sup>1</sup>:</b> 102200	<b>Market Participant Class:</b> Generator
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### PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

<b>Subject:</b> Special Protection Systems		
<b>Title:</b> Amendments to ensure proper operation and compensation for Special Protection Systems		
<b>Nature of request (please indicate with X):</b> <input checked="" type="checkbox"/> Alteration <input type="checkbox"/> Deletion <input type="checkbox"/> Addition <input type="checkbox"/> Clarification		
<b>Chapter:</b> 5	<b>Appendix:</b>	<b>Sections:</b> 8.2 and 8.3
<b>Sub-sections proposed for amending/clarifying :</b>		

<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 *IMO-administered markets*. Include the Chapter and Section number of the relevant market rules.

The IMO-controlled grid has limitations to the flow of electricity that are based on reliability standards set by North American Electric Reliability Council and Northeast Power Coordinating Council. The security limits established by the IMO respect equipment capabilities specified by market participants and voltage ranges required by transmitters and distributors to deliver acceptable voltage to their customers. Special Protection Systems (SPS) are control actions that when in place, provide the IMO with the capability to increase the utilization of the grid while maintaining the integrity of the system. Increasing grid utilization results in reduced costs for the market. A more expensive and longer term alternative to the use of SPS involves transmission upgrades.

Typical SPS control actions are load and generation rejection. When a specific extreme contingency event occurs in the system, an SPS can be activated to ensure that post-contingency stability can be maintained. Activation of a rejection scheme does, however, result in increased mechanical stress to the affected equipment and irregular operating conditions that increase the risk of equipment damage.

Under the market rules in Chapter 5, sections 8.2 and 8.3, owners of SPS equipment do not receive the following items, which are necessary to ensure that SPS equipment can be operated in order to maintain system security:

- Sufficient information and notification when SPS equipment is armed and activated for facility rejection.
- The ability to recover reasonable costs when an SPS is activated. For example, a generation facility incurs wear and tear costs each time the generation rejection scheme at the facility is activated. In addition, if the facility is not a quick start unit, it will not receive constrained off payments for the period of time that it is not synchronized to the IMO-controlled grid as a direct result of the activation.

**PART 4 – PROPOSAL (BY SUBMITTER)**

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

The following market rule changes to section 8.2 and 8.3 of chapter 5 of the market rules are necessary with respect to existing SPSs:

- Changes to SPS dispatch criteria will be discussed and agreed to by the facility owner and the IMO. Where a market participant requires, the owner and operator of an SPS shall inform market participants whose facilities are a part of the SPS scheme when they are armed for SPS activation and when they are activated. The mechanism for informing shall be the responsibility of the owner and operator of the SPS and shall be satisfactory to the market participant whose facility forms part of the SPS.
- Market participants whose facilities are part of a manually armed SPS scheme shall have the opportunity to reject an arming request where the arming would endanger the safety of any person, damage equipment or the environment, or violate any applicable law.
- When an SPS has been activated for a non-quick start facility, the offers/bids for the facility that were in the DSO prior to SPS activation shall remain in the DSO market schedule for two hours after the end of the activation. The participant need not submit to the IMO offer/bid revisions for this two-hour period or outage changes (i.e. derates) during the period. Therefore, the non-quick start facility shall receive compensation for this two-hour period.

**PART 5 – FOR IMO USE ONLY**

<b>Technical Panel Decision on Rule Amendment Submission</b>	
<b>MR number: MR-00247</b>	
<b>Date submitted to Technical Panel:</b> Nov. 19, 2003	
<b>Accepted by Technical Panel as:</b> <input checked="" type="checkbox"/> General <input type="checkbox"/> Urgent <input type="checkbox"/> Minor (please indicate with X)	<b>Date:</b> Nov. 25, 2003
<b>Criteria for acceptance:</b> The amendment could potentially reduce market participant’s costs by allowing a market participant with facilities connected to an SPS to better anticipate and manage the risks associated with the use of SPSs.	
<b>Priority:</b> Medium	
<b>Criteria for assigning priority:</b> The pervasiveness of the impact of the issue. There are a number of SPS schemes in the market that will be affected by the recommended and suggested amendments.	
<b>Not accepted</b> (please indicate with X):	
<b>Clarification/interpretation required</b> (please indicate with X):	
<b>Technical Panel minutes reference:</b> IMOTP 134-1	
<b>Technical Panel Comments:</b>	

**PART 5 – FOR IMO USE ONLY**

The Technical Panel has not fully discussed or reached any position on the issues raised in this amendment submission, nor on the opinions of the IMO and OPG noted below.

The IMO noted the following concerns with regards to the specifics of the suggested amendments (Part 4 above):

IMO Concern

The amendment submission suggests that the mechanism for informing market participants when they are armed for SPS activation and when they are activated should be satisfactory only to the market participant whose facility forms part of the SPS. The IMO believes that a more equitable approach would be that the mechanism should be mutually agreed upon by both the market participant and the owner and operator of the SPS. The IMO believes that this would be a more equitable approach, as it would not advantage the market participant over the owner and operator.

OPG Response

The wording of the amendment submission is not intended to suggest the mechanism for informing market participants when their SPSs are armed or activated be satisfactory **only** to the market participant. Rather, it is intended to indicate that it is the market participant whose facility is impacted by the SPS that should have the final decision on what constitutes an acceptable mechanism. For example, electronic communication may be required rather than telephone communication. If the rule amendment were to require that the mechanism be mutually agreed upon by the market participant and the owner and operator of the SPS, there is no recourse if agreement is not reached and the market will not realize the benefits provided by the SPS. OPG proposes the following wording to address the IMO concern: "The mechanism for informing shall be the responsibility of the owner and operator of the SPS and shall be satisfactory to the market participant, acting reasonably, whose facility forms part of the SPS." Alternatively, a technical standard for communication could be established analogous to the standards in the Appendices of Chapter 4 of the market rules.

IMO Concern

The amendment submission suggests that non-quick start facilities should receive compensation when an SPS has been activated for a non-quick start facility. The non-quick start facilities directly connected to SPSs and, indeed the entire market already derive benefits from these SPSs in that their use increases usage of the existing transmission system and resulting trade. Connected generators are allowed to produce more and connected loads are allowed to consume more because of SPSs. In the future, as in the past, the IMO believes that these benefits to offset the risks faced by the connected market participant. There was considerable discussion of the compensation issue prior to market launch, and the IMO recognizes that this issue is of great interest to the market. This issue should be reviewed by the entire market.

OPG Response

SPSs primarily affect network limits in a manner that benefits the entire market. The market participant whose facility forms part of the SPS is not the sole beneficiary of the benefit from the SPS however they are the only party to incur costs and place their facilities at risk as a result of the SPS. Specifically, the major risk is equipment damage resulting from full generation/ load rejection. Facilities that can be armed and activated by an SPS also incur ongoing maintenance and verification costs and wear and tear associated with SPS activation. The facility owners do not receive specific compensation for these additional costs. Under the current market rules, those who benefit from an SPS do not bear the costs associated with its operation and maintenance.

**PART 5 – FOR *IMO* USE ONLY**

The Technical Panel requested that stakeholders be asked to review and provide written submissions on the amendment submission for a period of 10 days.