



## 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: IMO Staff</b>	
(if applicable) <i>Market Participant / Metering Service Provider No.</i> <sup>1</sup> :	<i>Market Participant Class:</i>
<b>Telephone: 416-506-2801</b>	<b>Fax: 416-506-2847</b>
<b>Email Address: rule.amendments@theimo.com</b>	

### PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

<b>Subject: Day Ahead Market</b>		
<b>Title: DAM Settlement</b>		
<b>Nature of request (please indicate with X): <input checked="" type="checkbox"/> Alteration <input type="checkbox"/> Deletion <input type="checkbox"/> Addition <input type="checkbox"/> Clarification</b>		
<b>Chapter: 9</b>	<b>Appendix:</b>	<b>Sections: 1,2,3,4,6</b>
<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.

In consultation with market participants and other stakeholders, the IMO has developed a high level design of a day-ahead market (DAM) strawman<sup>1</sup>. The IMO Board has endorsed proceeding with the development of a day-ahead market and has directed the IMO to proceed with the detailed design and market rule amendments for the DAM consistent with the high-level design. Market rule amendments are needed to incorporate the settlement requirements for the day-ahead market. The DAM detailed design document, “Settlement” (IMO\_DES\_0013)<sup>2</sup> provides details on these requirements for the DAM.

The market rules in Chapter 9 specify certain rights and obligations for both the IMO and market participants with respect to the real-time market Settlement Process. The current *market rules* provide a scope and level of detail that allows the IMO and *market participants* to carry out their respective real-time market settlement obligations. This general framework includes:

- A list of any applicable statutory limitations on the authority of the *market rules* with respect to various, externally-regulated *settlement amounts*;
- A delineation of responsibility between the *IMO* and *market participants* concerning the preparation of *metering data* for *settlement* purposes;
- A description of all upstream Data Collection processes that are directly relevant to the *Settlement process*;
- A comprehensive listing of all settlement variables;
- A concise mathematical description of all major *settlement amounts* that can be prescribed by the *market rules*;
- A clear understanding of market participant rights and obligations with respect to receiving and paying *settlement amounts*.
- A acknowledgement of specific *settlement amounts* and obligations that are not directly under the authority of the *market rules*;
- Timelines of major market-facing events in the *Settlement process*;
- Contingency timelines in the event of a major disruption to the *Settlement process* or *Funds Transfer process*;
- The rights and obligations of *market participants* in raising a *notice of disagreement* or *notice of dispute* with respect to the *Settlement process*;
- Audit principles;

<sup>1</sup> The DAM high level design strawman is publicly available on the IMO website at the following location: [http://www.theimo.com/imoweb/pubs/consult/mep/DAM\\_WG\\_Strawman-4\\_0.pdf](http://www.theimo.com/imoweb/pubs/consult/mep/DAM_WG_Strawman-4_0.pdf)

<sup>2</sup> All DAM detailed design documents are publicly available on the IMO website at the following location: [http://www.theimo.com/imoweb/consult/mep\\_dam.asp](http://www.theimo.com/imoweb/consult/mep_dam.asp)

**PART 3 – DESCRIPTION OF THE ISSUE**

- Financial neutrality of the *IMO* with respect to the *IMO-administered markets*; and
- Payments and maintenance of accounts.

For the most part all of the above topic areas are relevant to the implementation of the DAM and therefore the subject of this market rule amendment MR-00270. Most portions of this general framework would be retained and largely be expanded in scope in order to accommodate the *settlement of the real-time market*, the Transmission Rights market and the *day-ahead market*. Given the interactions between the DAM and the real-time market for settlement purposes it is much more efficient and accurate to expand the existing settlement market rules to accommodate the DAM rather than to create a separate DAM settlements framework.

**PART 4 – PROPOSAL (BY SUBMITTER)**

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

Market rule amendments regarding DAM settlements should be incorporated into the existing Chapter 9 rather than as a separate new section of the market rules document. DAM settlements are integrated with real-time market settlements as all physical transactions in the DAM have a balancing or corresponding transaction in the real-time market. The settlement of both the DAM physical transactions and the real-time market balancing transaction is a “net settlement” and so the market rules defining that settlement should be integrated as well. Virtual transactions are also integrated into the two-settlement settlement and are accommodated within the proposal outlined below.

**It is proposed that Chapter 9, section 1 be amended as follows:**

- Amendments to various provisions to expand the scope of the settlement process to the DAM and DAM Transmission Rights

**It is proposed that Chapter 9, section 2 be amended as follows:**

- Expand the scope of Generation Station Service Reimbursements to also apply to DAM uplift amounts
- Expand various provisions regarding the collection of settlement-ready data to include sources from the DAM
- Add the concept of a *load component identifier* which is used to separately identify *price sensitive* and *price responsive load* components below the same *delivery point*

**It is proposed that Chapter 9, section 3 be amended as follows:**

- Add new provisions for specifying the nature of DAM-related settlement variables including: prices, schedules, market integration flags, startup flags, shutdown flags, load forecast values, DAM Physical Bilateral Contracts, DAM Financial Transmission Rights, DAM bid/offer data, and derived load reduction values for *price responsive loads*.
- Add new provisions regarding the association of intertie transactions arranged in the *DAM* with any corresponding intertie schedules arranged in the *real-time markets*

**PART 4 – PROPOSAL (BY SUBMITTER)****It is proposed that Chapter 9, sections 3 and 4 be amended as follows:**

- **GENERALLY:** Amend, delete or replace various real-time market settlement amounts as outlined in the DAM Detailed Design document “Settlements” [IMO\_DES\_0013]<sup>3</sup>
- Add new provisions specifying DAM settlement amounts calculated in the *first settlement* process. These include:
  - Hourly Physical Transaction Settlement Amount - HPTSA{1}
  - Hourly Virtual Transaction Settlement Amount - HVTSA
  - DAM Hourly Operating Reserve Settlement Amount - HORSA{1}
  - DAM Congestion Management Settlement Credits - D\_CMSC{1}
  - DAM Production Cost Guarantee - PCG{1}
- Add new provisions specifying DAM settlement amounts calculated in the *second settlement* process. These include:
  - Hourly Physical Transaction Settlement Amount - HPTSA{2}
  - Hourly Virtual Transaction Settlement Amount – HVTSA
  - DAM Hourly Operating Reserve Settlement Amount - HORSA{2}
  - DAM Congestion Management Settlement Credits - D\_CMSC{1}
  - Second Settlement DAM CMSC balancing - D\_CSMC{2}
  - DAM Production Cost Guarantee - PCG{1}
  - DAM Production Cost Guarantee Commitment Adjustment - PCGCA{2}
  - DAM Bid Load Commitment Uplift -BLCU
  - DAM Forecast Load Commitment Uplift -FLCU
  - DAM Load Forecast Accuracy Uplift - LFAU
  - DAM PASS 2 Import Uplift - DIU
  - Net DAM Balancing Allocation - NDBA
  - DAM Operating Reserve Uplift - DORU
  - DAM CMSC Uplift – DCU
  - DAM Financial Transmission Rights Settlement Credits – D\_TRSC

<sup>3</sup> All DAM detailed design documents are publicly available on the IMO website at the following location: [http://www.theimo.com/imoweb/consult/mep\\_dam.asp](http://www.theimo.com/imoweb/consult/mep_dam.asp)

**PART 4 – PROPOSAL (BY SUBMITTER)**

- DAM Financial Transmission Charge Reduction Fund - DAM\_TCRF

**It is proposed that Chapter 9, sections 6.2 and 6.3 be amended as follows:**

- Expand applicability of the Settlement Schedule and Payments Calendar (SSPC) to the DAM
- Strike all references to Energy Forward Market Settlement Events
- Revise all rules regarding transmission rights settlement to apply to DAM financial transmission rights
- Add settlement events related to the *first settlement process*
- Amend the *notice of disagreement* filing deadline to 6 *business days* after the real-time market trading day – with the option to return this deadline back to 4 *business days* after the DAM is implemented and stabilized
- Amend the publication date of the *second settlement, final settlement statement* deadline to 24 *business days* after the real-time market trading day – with the option to return this deadline back to 20 *business days* after the DAM is implemented and stabilized.

**It is proposed that Chapter 9, sections 6.5 be amended as follows:**

- Add new provisions regarding settlement statements issued as part of the *first settlement process*
- Strike all references and all rules to settlement statement content related to the *Energy Forward Market*
- Expand content of *preliminary settlement statements* in the *second settlement process* to include DAM-related settlement amounts and data

**It is proposed that Chapter 9, sections 6.6 be amended as follows:**

- Expand scope of *notice of disagreement* (NOD) process to include all DAM settlement amounts reported in *preliminary settlement statements* issued from the *second settlement process*.
- Amend the *notice of disagreement* filing deadline to 6 *business days* after the real-time market trading day – with the option to return this deadline back to 4 *business days* after the DAM is implemented and stabilized.

**It is proposed that Chapter 9, sections 6.7 be amended as follows:**

- Strike all references to settlement statement content related to the *Energy Forward Market*
- Expand content of *final settlement statements* in the *second settlement process* to include DAM-related settlement amounts and data

**It is proposed that Chapter 9, sections 6.8 be amended as follows:**

- Expand scope of the *settlement statement recalculation* process to include all *second settlement* DAM settlement amounts where *settlement statement recalculation* is ordered by an *arbitrator*

**It is proposed that Chapter 9, sections 6.9 be amended as follows:**

- Expand restrictions on IMO counter-party status to the *day-ahead market* and remove references to the *energy forward market*.

**PART 4 – PROPOSAL (BY SUBMITTER)**

**It is proposed that Chapter 9, sections 6.14 be amended as follows:**

- Extend IMO short-term borrowing power to situations triggered by the DAM which might affect the operations of the *IMO settlement clearing account*

**It is proposed that Chapter 9, sections 6.16 be amended as follows:**

- Extend IMO financial neutrality restrictions to DAM settlement amounts and remove any references to the *energy forward market*.

**PART 5 – FOR *IMO* USE ONLY**

<b>Technical Panel Decision on Rule Amendment Submission</b>	
<b>MR number: MR-00270</b>	
<b>Date submitted to Technical Panel:</b> September 7, 2003	
<b>Accepted by Technical Panel as:</b> <input type="checkbox"/> General <input type="checkbox"/> Urgent <input type="checkbox"/> Minor (please indicate with X)	<b>Date:</b> N/A
<b>Criteria for acceptance:</b> N/A	
<b>Priority:</b> High	
<b>Criteria for assigning priority:</b> N/A	
<b>Not accepted</b> (please indicate with X):	
<b>Clarification/interpretation required</b> (please indicate with X):	
<b>Technical Panel minutes reference:</b> IMOTP-149-1	
<b>Technical Panel Comments:</b> The Technical Panel believes the settlement of the Day Ahead Market may significantly impact Market Participants.	