

# Stakeholder Engagement Plan SE-10 Constrained Off Congestion Management Settlement Credit Payments to Importers and Exporters



## **I. Introduction**

This stakeholder plan has been developed to involve stakeholders in assisting the IESO to mitigate an unintended consequence of the market rules with respect to constrained off congestion management settlement credit (CMSC) payments to importers and exporters.

### **Background**

The IESO Market Assessment Unit identified to the Market Surveillance Panel how market participants can structure their import offers or exports bids to receive constrained off CMSC payment amounts inconsistent with market design principles and the intent of these payments. The Panel asked the Market Assessment Unit to bring this issue to the attention of the IESO market rules group with a view to introducing amendments to restrict CMSC payments in the identified circumstances. The Market Assessment Unit has sought the cooperation of certain market participants to temporarily exercise restraint in their offer strategies so that the amendment process can benefit from a comprehensive stakeholder process rather than resort to an urgent rule amendment. However, if cooperation is not received from market participants, an urgent rule amendment may be required.

In light of comments provided by some stakeholders in February and March 2006 regarding the proposed draft rule amendments, a significant issue was identified that requires reconsideration of the approach being taken. The issue raised was the lack of parity between boundary entities and dispatchable facilities in Ontario and whether the proposed changes need to be applied to internal facilities as well. As a result, further stakeholdering is being sought such that all affected parties are engaged.

## **II. Stakeholders**

Market participants active in importing and exporting energy are directly impacted by constrained off CMSC payments and were specifically approached to provide feedback earlier. Recent stakeholder feedback has led to the situation that generators and dispatchable loads may also be directly impacted by any rule change. Loads and distributors are also impacted due to uplift payments from constrained off CMSC payments.

## **III. Stakeholder Engagement Goals and Objectives**

### **Goal**

The goal of the stakeholder engagement program was to avoid an urgent rule amendment by providing affected stakeholders with the opportunity to work with us in identifying and addressing ways to mitigate constrained off CMSC payments in the identified circumstances.

## Objectives

1. To provide your feedback on suggested solution to address this matter;
2. To provide you with the opportunity to provide alternatives that would reduce or eliminate it;
3. To ensure that proposed solutions can be implemented as soon as possible with minimal need for tool changes; and
4. To minimize adverse effects on your operations and processes to the maximum extent possible.

## **IV. Stakeholder Engagement Approach and Methods**

The stakeholder engagement approach proposed involves stakeholder feedback via face to face meetings and by Web-Based postings with the opportunity for comment. Web-based postings provide all interested stakeholders with an efficient lower cost method to be informed of the process and provide feedback on proposed measures via e-mail.

A stakeholder meeting was held on November 16, 2005 and was open to all interested parties. Market participants active in importing and exporting in the Ontario market were encouraged to attend. It was later brought to our attention that some loads would also have been interested in attending the meeting, since they pay the uplift. Accordingly, loads are being encouraged to attend future meetings on this issue.

As a result of this stakeholder session, this stakeholder plan was revised to consider alternative solutions to those posted on November 4, 2005.

([http://www.ieso.ca/imoweb/pubs/consult/se10/se10\\_CO-discussion-paper-20051116.pdf](http://www.ieso.ca/imoweb/pubs/consult/se10/se10_CO-discussion-paper-20051116.pdf))

After the stakeholder meeting and all written feedback was received, the Technical Panel had began discussions aimed towards market rule amendments. Following this, an additional stakeholder session was held January 10<sup>th</sup>, 2006 to consider two preferred options brought forward by the IESO. Stakeholder input has resulted in a Market Rule Amendment, MR-00306 - Constrained Off CMSC Payments for Imports and Exports, which can be found at:

[http://www.ieso.ca/imoweb/pubs/mr2006/mr\\_00306-R00-R01.pdf](http://www.ieso.ca/imoweb/pubs/mr2006/mr_00306-R00-R01.pdf)

All stakeholder input will be considered prior to IESO Management recommendations to the Board. All stakeholders will have the opportunity to communicate their views and positions directly to the Advisory Committee or to the IESO Executive/Board of Directors in advance of any final decisions. Final decisions will be posted along with how we used stakeholder input and the rational for our decisions.

## V. Decision Making Steps and Schedule of Activities

<b>Stakeholder Engagement Schedule</b>	
<b>Activity</b>	<b>Target Date</b>
1. Posting of Stakeholder Plan and announcement.	Completed October 31
2. Posting of description of the identified issue and our suggested solution and agenda for November 16 stakeholder meeting.	Completed November 4
3. Stakeholder meeting to provide feedback to the IESO and suggest alternatives.	Completed on November 16
4. Posting of November 16 meeting comments from stakeholders.	Completed November 18
5. Deadline for written feedback from November 14 meeting from stakeholders.	Completed November 23
6. Technical Panel consideration of market rule amendments.	November 29, December 13
7. Stakeholder meeting to provide feedback and suggest alternatives on options that have been developed following initial consultation with the Technical Panel.	Completed January 10, 2006
8. Technical Panel meeting for review of draft amendment proposal from stakeholder review and comments.	Completed February 14
9. Publishing of proposal of the draft amendments and e- mail to Intertie Traders sub-committee.	Completed February 15
10. Deadline for stakeholder review and comments. <a href="http://www.ieso.ca/imoweb/pubs/tp2006/tp180-7b-MR-00306-ws-Manitoba-Hydro.pdf">www.ieso.ca/imoweb/pubs/tp2006/tp180-7b-MR-00306-ws-Manitoba-Hydro.pdf</a> <a href="http://www.ieso.ca/imoweb/pubs/tp2006/tp180-7c-MR-00306-ws-Transalta.pdf">www.ieso.ca/imoweb/pubs/tp2006/tp180-7c-MR-00306-ws-Transalta.pdf</a> <a href="http://www.ieso.ca/imoweb/pubs/tp2006/tp180-7d-MR-00306-ws-MEHQ.pdf">www.ieso.ca/imoweb/pubs/tp2006/tp180-7d-MR-00306-ws-MEHQ.pdf</a> <a href="http://www.ieso.ca/imoweb/pubs/tp2006/tp180-7e-MR-00306-ws-Powerex.pdf">www.ieso.ca/imoweb/pubs/tp2006/tp180-7e-MR-00306-ws-Powerex.pdf</a> <a href="http://www.ieso.ca/imoweb/pubs/tp2006/tp180-7f-MR-00306-ws-OPG.pdf">www.ieso.ca/imoweb/pubs/tp2006/tp180-7f-MR-00306-ws-OPG.pdf</a>	Completed March 1
11. Technical Panel meeting for consultation and review of stakeholder comments.	Completed March 7
12. Post our response to issues identified from stakeholder feedback, and how we proposal addresses this concern.	Completed March 8
13. Stakeholder meeting to present revised proposal that considers stakeholder input regarding issue.	Completed March 29
14. Technical Panel meeting to review draft amendment proposal. Published for stakeholder review and comments.	Completed April 11

<b>Stakeholder Engagement Schedule</b>	
<b>Activity</b>	<b>Target Date</b>
15. Begin Market Manual stakeholder process. Manuals will contain the criteria for designating constrained off watch zones, determining what constitutes persistent and significant events, and the manner for determining the initial estimated replacement price. A face to face meeting with stakeholders will be held.	Completed May 9
16. Deadline for written submissions on draft amendment proposal.	Completed May 12
17. Technical Panel meeting to consider written submissions and make recommendations on rule amendment.	Completed May 23
18. Advice from Stakeholder Advisory Committee to IESO Board.	Completed May 24
19. IESO Board approval of rule amendment.	Completed June 8
20. Due date for stakeholder comments on Market Manual.	Completed June 28
21. Posting of Market Manual.	Completed July 1

This is a public consultation and information supplied by stakeholders will be posted on the IESO website including identification of the participant.