

Editorial comments on Batch 2 Market Rules - OPG

Market Rule Section	Comment
<p><u>22.1.1</u> The IESO shall determine and register, in accordance with the applicable market manual, reference levels for each dispatchable resource registered to submit offers into the energy or operating reserve markets.</p>	<p>Section 22.1.1 should be revised to "...to submit offers or bids..." to be consistent with 22.1.2.</p>
<p><u>22.1.4</u> The IESO shall make available to each market participant the reference levels and reference level values registered for that market participant's resources, in accordance with the applicable market manual.</p>	<p>22.1.1 speaks to registering "reference levels" whereas 22.1.4 speaks to registered "reference level values". Does the IESO register both reference levels and reference level values? If reference level values are not registered, 22.1.4 should be revised to</p> <p>"...and reference level values registered for that market participant's..."</p>
<p><u>22.1.5</u> The IESO shall not register an energy offer reference level or an operating reserve offer reference level that does not monotonically increase in quantity, regardless of a resource's short-run marginal costs.</p>	<p>If the reference level is the formula whereas the reference level value is the numerical estimate, shouldn't 22.1.5 apply to the reference level values (or outputs) that are derived by the formula? Suggested re-wording:</p> <p>"...or an operating reserve reference level whose output does not monotonically increase in quantity..."</p> <p>Or</p> <p>"...or an operating reserve reference level that produces reference level values that do not monotonically increase in quantity..."</p>
<p><u>22.1.6</u> Each energy offer reference level shall be consistent with the requirements for energy offers in Chapter 7, section 3.5.3 of the market rules.</p> <p><u>22.1.7</u> Each operating reserve offer reference level shall be consistent with the requirements for offers to provide operating reserve in Chapter 7, section 3.6.2 of the market rules.</p>	<p>Sections 3.5.3 and 3.6.2 apply to the numerical PQ pairs in an offer or bid. As the reference level is a formula, it would be more appropriate to ensure that its outputs are consistent with 3.5.3 and 3.6.2.</p>
<p><u>22.2.1</u> The IESO shall determine the following reference levels for financial dispatch data parameters, by month or season if applicable, for each resource that meets the requirements in section 22.1.1:</p>	<p>In which situations do reference levels change monthly? The reference level workbooks only appear to allow seasonal (summer or winter) changes to the formulas that calculate reference level values.</p>
<p><u>22.2.2</u> The IESO shall determine the reference levels in section 22.2.1 based on a resource's short-run marginal costs, but may register a reference level below that resource's short-run marginal costs at the request of the relevant market participant.</p> <p><i>financial dispatch data parameters means a subset of dispatch data that are represented as financial values and for which the IESO must determine reference levels;</i></p>	<p>As above, the reference level (a formula) cannot be "below that resource's short-run marginal costs". Suggested revision:</p> <p>"...may register a reference level whose outputs are below that resource's short-run marginal cost..."</p>
<p><u>22.2.3</u> If a market participant fails to provide the information or supporting documentation required by the IESO pursuant to section 22.1.3, the IESO may register a value of \$0 for a reference level determined pursuant to section 22.2.1, other than an operating reserve offer reference level, for which the IESO may register a value of \$0.10/MW.</p>	<p>Assuming section 22.2.3 applies to energy, start-up, and speed-no-load reference levels, the units of the \$0 reference level should be specified (i.e., \$0/MWh, \$0/start, \$/hour).</p>
<p><u>22.6.1</u> The IESO shall determine and register, in accordance with the applicable market manual, day-ahead market and real-time market reference quantities for each dispatchable resource registered to submit offers into the energy and operating reserve markets.</p> <p>vs.</p> <p><u>22.1.1</u> The IESO shall determine and register, in accordance with the applicable market manual, reference levels for each dispatchable resource registered to submit offers into the energy or operating reserve markets.</p>	<p>22.1.1 says "...into the energy or operating reserve markets" whereas 22.6.1 says "...into the energy and operating reserve markets."</p> <p>22.6.1 should be aligned with 22.1.1 by changing "and" to "or".</p> <p>Additionally, 22.6.1 suggests the possibility of different reference quantities for the day-ahead and real-time markets, whereas 22.1.1 does not suggest the same variation for reference levels. I suggest to include similar references to the day-ahead and real-time markets in 22.1.1.</p>
<p><u>22.6.7</u> If a market participant fails to provide the information or supporting documentation required by the IESO pursuant to section 22.6.3, the IESO may register as the resource's reference quantity:</p> <p><u>22.6.7.1</u> the maximum quantity of operating reserve that the resource is registered to offer, if the resource is a dispatchable load, or</p> <p><u>22.6.7.2</u> the sum of the maximum active power capability of all generation units associated with the resource, if the resource is not a dispatchable load.</p>	<p>The use of the word "may" implies that the IESO can register values higher than the maximum active power capability. I suggest 22.6.7.3 is revised to "a value no higher than the sum of the maximum active power capability..."</p>

<p><u>22.7.2</u> The IESO may, at any time, review the supporting documentation submitted pursuant to section 22.6.3 to verify that the <i>reference quantity</i> determined is consistent with the supporting documentation. If, as a result of such review, the IESO determines that the <i>reference quantity</i> needs to be amended to be consistent with the supporting documentation, the IESO shall update that <i>reference quantity</i> on a go-forward basis from a date specified by the IESO. Prior to registering a <i>reference level</i> or <i>reference quantity</i> for a <i>resource</i>, the IESO shall communicate a <i>preliminary view</i> to the relevant <i>market participant</i>.</p>	<p>The last sentence in 22.7.2 refers to both reference levels and reference quantities. This sentence should be broken out into a separate section and present in section 22.5 to reflect that it applies to both reference levels and reference quantities sections.</p>
<p><u>22.8.3</u> The IESO shall provide the <i>market participant</i> with an estimate of the cost of the review, as specified in the applicable <i>market manual</i>. If the <i>market participant</i> has not notified the IESO that it accepts the cost estimate and wishes to proceed with the review within five <i>business days</i> of the IESO's notification, the IESO shall terminate the review and register the <i>reference levels</i> and <i>reference quantities</i> in the <i>preliminary view</i>.</p>	<p>22.8.3 allows participants five business days to accept or decline the review, whereas other timelines associated with the independent review (i.e., five business days for the IESO to solicit proposals and 10 business days for the review to provide an estimate) are listed only in Market Manual 14.2. I suggest the rules and manuals are aligned.</p>
<p><u>22.8.10</u> The IESO may apply a <i>settlement charge</i> to the <i>market participant</i> equal to the amount charged to the IESO by the consultant. The IESO may not apply a <i>settlement charge</i> for subsequent reviews conducted as a result of the IESO rejecting a finding pursuant to section 22.8.6.</p>	<p>22.8.10 says the IESO “may not apply a settlement charge.” I feel this should say “shall not apply a settlement charge”. In what situation would the IESO apply a settlement charge over and above what was charged for the review that produced the rejected finding?</p>
	<p>The first time the term Market Control Entity is used is section 22.9.3. Prior to this, no rules identify that Market Control Entities must be designated, only that the disclosures of ownership must be made pursuant to 22.9.1. I suggest a revision that clarifies that entities disclosed pursuant to 22.9.1 must be designated as Market Control Entities.</p>
<p><u>22.10.2.4</u> Designations made pursuant to section 22.10.2.1 and changes published under section 22.10.2.3 shall come into effect no sooner than 30 days following the date of publication.</p>	<p>Does 22.10.2.4 refer to 30 Business Days or 30 Calendar Days?</p>
<p><u>22.11.1.2</u> the <i>intertie zone</i> is able to provide effective competitive discipline for <i>market participant</i> behaviour.</p>	<p>The term “effective competitive discipline” is not defined elsewhere in the rules. If it is defined in the market manuals the phrase “as per the applicable market manual” should be included in 22.11.1.2.</p>
<p><u>22.12.1</u> The IESO shall designate an <i>intertie zone</i> as uncompetitive if at least one of the following conditions is true for that <i>intertie zone</i>:</p> <p><u>22.12.1.1</u> a single <i>market participant</i> received at least ninety percent of the <i>day-ahead market</i> scheduled energy withdrawals or injections over <i>boundary entity resources</i> connected to that <i>intertie zone</i> scheduled in the <i>day-ahead market</i> in the previous calendar quarter; or</p> <p><u>22.12.1.2</u> the IESO reasonably determines that effective competition in that <i>intertie zone</i> is or is expected to be restricted.</p>	<p>What does it mean for the IESO to “reasonably determine effective competition is expected to be restricted” – why expected? Is this a forward looking assessment? If the Market Manuals provide further clarity perhaps “as per the applicable market manual” should be added to 22.12.1.2.</p>
<p><u>22.12.2</u> The IESO may remove the designation of an <i>intertie zone</i> as uncompetitive if the <i>intertie zone</i> no longer meets any of the criteria specified in section 22.12.1.</p>	<p>The section should be revised to “The IESO shall remove the designation...” In what situation would the IESO not remove the designation if the zone no longer meets the criteria?</p>
<p>and the <i>resource</i> met at least one of the following conditions in the <i>day-ahead market</i> or the one-hour ahead run of the <i>pre-dispatch calculation engine</i>:</p> <p><u>22.15.3.3</u> the <i>energy offer</i> was below the <i>resource's reference quantity value</i> and the <i>resource</i> was part of a <i>narrow constrained area</i> where at least one of the transmission constraints that defines that <i>narrow constrained area</i> was binding;</p> <p><u>22.15.3.4</u> the <i>energy offer</i> was below the <i>resource's reference quantity value</i> and the <i>resource</i> was part of a <i>dynamic constrained area</i> where at least one of the transmission constraints that defines that <i>dynamic constrained area</i> was binding;</p> <p><u>22.15.3.5</u> the <i>energy offer</i> was below the <i>resource's reference quantity value</i> and the <i>resource</i> had a positive congestion component greater than \$25/MWh; or</p> <p><u>22.15.3.6</u> the <i>energy offer</i> was below the <i>resource's reference quantity value</i> and the <i>resource</i> could have met incremental load within Ontario when the conditions for testing for global market power for <i>energy price impact</i> set out in Appendix 7.1A and Appendix 7.2A were met.</p>	<p>22.15.3.4 should end with “or” to identify that any of the conditions in 22.15.3.3-3.6 can trigger the test.</p>

22.15.4.2.1 the *registered market participant* for that *resource* submitted an *energy offer* lower than its *reference quantity value* by the lesser of 10% or 100 MW; or

22.15.4.2.2 the *registered market participant* for that *resource* and every other *resource* with which that *resource* shares a *market control entity for physical withholding* that met the same condition in sections 22.15.3.4 or 22.15.3.5 submitted *energy offers* that were, in the aggregate, below those *resources' aggregate reference quantity values* by the lesser of 5% or 200 MW.

To be consistent with 22.15.4.2, section 22.15.4.2.2 should refer to 22.15.3.5 and 22.15.3.6, rather than 22.15.3.4 and 22.15.3.5.