

Reasons of the IESO Board in respect of an amendment to the market rules

Terms and acronyms used herein that are italicized have the meanings ascribed thereto in Chapter 11 of the *market rules*.

The following sets out the *IESO Board's* reasons for its decision on the proposed *amendment* to the *market rules* identified in Part 1 below (the "**Amendment**").

PART 1 – MARKET RULE INFORMATION

Identification No.: MR-00467-R00

Title: Improving Accessibility of Operating Reserve

The *IESO Board* convened to consider the Amendment on the date and location set out in Part 2 below.

PART 2 – BOARD MEETING INFORMATION

Date: March 8, 2023

Prior to considering the Amendment, the directors of the *IESO Board* were asked whether any director had a conflict of interest to declare, the result of which is set out in Part 3 below.

PART 3 – CONFLICTS OF INTEREST

- | | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | No conflict was declared. |
| <input type="checkbox"/> | Any director declaring a conflict of interest abstained from voting on the adoption of the Amendment. |

The *IESO Board* was presented with the materials in respect of the Amendment identified in Part 4 below (the "**Materials**"), all of which is *published* on the *IESO's website* subject to such redactions as *IESO* staff determined reasonably necessary.

PART 4 – MATERIALS

- Memorandum from the Technical Panel Chair
- Market Rule Amendment Proposal as recommended by Technical Panel
- IESO Staff memo to Technical Panel
- Technical Panel member vote and rationale
- Consumer Impact Assessment (this assessment is required to support the Ontario Energy Board market rule amendment review process)
- Technical Panel and Stakeholder Comments (this assessment is required to support the Ontario Energy Board market rule amendment review process)

Having considered the Amendment and the Materials, the *IESO Board* decided as identified in Part 5 for the reasons set out in Part 6.

PART 5 – DECISION

- The *IESO Board* decided in favour of the adoption of the Amendment.
- The *IESO Board* referred the Amendment back to the *technical panel* for further consideration and vote.
- The *IESO Board* decided against the adoption of the Amendment.

PART 6 – REASONS

The IESO Board reviewed the Materials including the unanimous Technical Panel vote to recommend MR-00467-R00 for approval by the IESO Board. The Markets Committee of the IESO Board discussed the Amendment and recommended it for adoption by the IESO Board.

The IESO Board decided to adopt the Amendment recommended by the technical panel with an effective date concurrent with the implementation of the Replacement of the IESO Settlement System Market Rules (MR-00475-R00).

The IESO Board adopted the Amendment for the following reasons:

1. The amendment will more efficiently claw back operating reserve payments from market participants where the market participant fails to maintain adequate unused generation or load reduction capacity during intervals in which they are scheduled.
2. The amendment will address a Market Surveillance Panel recommendation to only compensate market participants for the amount of operating reserve they were capable of providing.