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Changes to Market Manual 2.2 Exemption Applications and Assessment Technical Panel Information Item

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Purpose

- Introduction and Background
- Description of Changes to the Exemptions Market Manual
- Stakeholder Engagement
- Implementation Schedule

Introduction and Background

Market Manual 2.2 Exemption Applications and Assessment

As part of the IESO's Market Renewal Program (MRP) readiness plans, the Exemptions Market Manual is being updated to:

1. Provide exemption holders with a new process to amend an existing exemption
2. Add incremental improvements to the consideration criteria
3. General clean up of the manual to align with market manuals amended as part of MRP
4. Re-organize and clarify the manual to make it easier to navigate and understand

1. New Process for Amending Existing Exemptions

The IESO is proposing a new and simplified process for making changes to exemptions.

- Currently:
 - Exemption holders can only seek new exemptions
 - IESO may initiate an exemption reconsideration of an existing exemption
- Market Manual section 4.2 “Amendment of Exemptions” has been added.
- New flexible process – permits simplified process for more administrative changes, and for more substantive changes it is akin to the process for a new exemption application
- Allows for amendments to exemptions for seamless transition to new MRP market rule set

How Amendment Process Will Work

- Submit application with:
 - (1) description of circumstances giving rise to the request;
 - (2) proposed amendment to the existing exemption; and
 - (3) any impacts such proposed amendment would have on the exemption criteria outlined in the manual
- IESO prepares Staff Recommendation that considers proposed amendment and relevant criteria
- The IESO and Panel may choose to expedite the request or have it follow the same process as the one outlined in the regular exemption application process. The intent of this is to streamline amendments that may be minor in nature.
- The Panel may choose to amend the exemption, as it determines appropriate, or leave the exemption as is.

2. Incremental Improvements to Consideration Criteria

The criteria to decide exemptions only modified slightly, specifically with following updates:

- Adding a consideration related to the appropriateness, adequacy, relevance and enforceability of the terms and conditions of the exemption
- Added a consideration related to the adequacy of the exemption applicant's exemption plan
- Consideration of the 'cost or delay' to the exemption applicant for complying with the obligation from which it is seeking to be exempted, was update to refer to the 'impact' on such MPs, which would include cost, delay, or other factors.

3. General Clean-Up

- Exemptions Market Manual has not been materially updated since 2004 (in 2018 minor updates made, and in 2022 AODA updates made)
- Simplified the description of the processes
- Removed repetition within the manual, and repetition with the Electricity Act
- Updated for MRP – i.e. included references to “resources”
- Renamed “interlocutory interim exemption” to “interim exemption”, as this caused confusion for Market Participants
- References to IESO’s forbearance process to note alternative option for Market Participants
- Removed appendices which were repetitive, non-repetitive content moved into body of manual

4. Reorganization

- Merged purpose, scope and overview into one single purpose provision
- Added the following:
 - Part 2 - Preparing for Exemption Application
 - Part 3 - Review of an Exemption Application
 - Part 4 - Administration of an Exemption
 - Part 5 - Costs
- Reorganization has more logical structure – reflects order of how process proceeds
 - For example, considerations to be made regarding exemption decisions are now in exemption review section, whereas previously it was in the introduction section

Stakeholder Engagement

- IESO Stakeholder Engagement on the proposed changes to the market manual was held on September 17, 2024.
 - Detailed stakeholder presentation and draft Market Manual 2.2 can be found here:
<https://www.ieso.ca/Sector-Participants/Engagement-Initiatives/Engagements/Amendments-to-Market-Manual-Part-2-2-Exemption-Application-and-Assessment>
- At this session, the IESO encouraged Market Participants to consider their existing exemptions in the context of MRP, and that the IESO is available to discuss possible amendments in advance of the Market Manual being approved and the amendments process becoming available.
- The window for stakeholder submissions was open until October 8, 2024, with one Market Participant requesting a few extra days.
- The IESO has not received any written submissions or heard any concerns regarding the proposed amendments.

Timeline For Implementation

- Unlike other market manuals, the Exemptions Market Manual must be approved by the IESO Board of Directors:
- Electricity Act, section 36.1, Rules: (18) The IESO's directors may make rules governing the practice and procedure before panels of directors under this section. 2004, c. 23, Sched. A, s. 46 (7).
- The Exemptions Market Manual was developed as the "rules governing the practice and procedures" of exemptions.
- Proposed changes to the manual will be brought to IESO Board for approval by December 2024, and will be effective immediately following Board approval to allow time for amendments to take place prior to MRP go-live.
- Notice will be included in IESO Bulletin once IESO Board approves.

Thank You

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