

Part 3 – Submissions in Support of Waiver Application

Company Description

Ivaco Rolling Mills LP (IRMLP) is an electric furnace steelmaker and steel wire rod rolling mill located in L'Orignal, Ontario, on the Ottawa river about 80 km east of Ottawa. The rolling facilities were started in 1971, and the steelmaking operation began in 1975.

System Benefits

The reliability and efficiency of the Ontario electric power system will be enhanced the more it encourages demand side bidding and load dispatchability. Reliability is enhanced by giving the system operators additional tools (loads) to maintain system balance. Efficiency is enhanced by adding new competitors to the system, as well as allowing lower cost dispatch solutions.

Under the current rules, the load characteristics described above would not qualify as dispatchable loads. The proposed waiver will accomplish the following:

- ✓ Enhance system reliability
- ✓ Enhance system efficiency and lower costs for all
- ✓ Allow variable loads to participate as dispatchable loads without creating an unreasonable burden on the IMO control room personnel
- ✓ Allow operation similar to that recognized for many years by Ontario Hydro as interruptible or DDS type loads

Qualification for Waiver

In order to accomplish the above, certain criteria need to be met by loads wishing to receive the waiver.¹ The IRMLP load profile is available for dispatch well over 75% of a typical dispatch hour, and no one zero MW cycle typically lasts longer than 4 dispatch intervals.

Bidding Strategy

IRMLP will make its energy bids based on the average consumption of the process while running (average of the non-zero time periods).

¹ For more detailed background, see "Discussion of Batch Type Dispatchable Load", prepared by Rhonda Wright, 2001-04-08 (attached as Exhibit 1).

IRMLP will make its offers for Operating Reserve (OR) based on average consumption per dispatch hour (including the entire hour whether running or not).

Operating Strategy

The following comments apply only to periods when IRMLP has submitted bids for the OR market:

If IRMLP is at zero when dispatched to zero, it will remain at zero until dispatched on.

If IRMLP is dispatched to a level other than “on” or “off”, it will respond that it cannot comply. If the dispatch instruction is to 50% of its bid or more, IRMLP will dispatch “on”. If less than 50% of its bid, IRMLP will dispatch “off”.

If IRMLP is dispatched “on” and cannot comply within the five minute interval, it will respond that it cannot comply.

Outages

Normal operations lead to occasional equipment outages of up to four dispatch intervals. These will not be reported. Longer outages will be reported by phone.

When IRMLP is bidding in the OR market, outages of over four dispatch intervals will be reported. Outside of business hours, outages will be reported to the IMO via telephone. Within business hours, outages will be reported using IOMS. Also, any outage reported by telephone will be confirmed by IOMS the following business day.

Compliance

Provided that IRMLP complies with the above conditions, it will not be subject to action for non-compliance.

Waiver

IRMLP will qualify for the 30 minute operating reserve market.

Other Issues

Costs

IRMLP believes that the granting of this waiver will impose no costs on the IMO or other Market Participants. To the contrary, IRMLP believes that costs will go down for other Market Participants as more efficient dispatch solutions are enabled.

Impact on IMO-Controlled Grid and IMO-Administered Markets

The granting of this waiver would enhance the ability of the IMO to maintain the reliability of the IMO-controlled grid.

This waiver will have no impact on grid access.

This waiver will enhance the ability of the IMO to operate the IMO-administered markets in an efficient, competitive, and reliable manner.

This waiver will not create undue preference to any Market Participant.

If this waiver is refused, it will deprive the IMO of legitimate tools to maintain system reliability and efficiency.

Impact on IRMLP

If this waiver is denied, it will deprive IRMLP of OR income. It will, therefore, deprive IRMLP of any incentive to control its load in a manner such as to support the system.

Facilities

As indicated above, the facilities covered by this application were put into service in the 1970's. At that time, the controllable portion of the load was contracted as Interruptible (later DDS) with Ontario Hydro. This gave the Ontario Hydro system operators the flexibility to dispatch this load to zero when required to maintain system reliability. More recently, the dispatch criteria were modified to allow dispatch based on economic needs as well as reliability. The waiver application, including the requirement to dispatch only "on" or "off", merely tries to replicate the earlier regime in the new market.