



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00324-R00		
Subject:	General		
Title:	Clean-up of Rule Notes and Definitions		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input checked="" type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	9, 11	Appendix:	
Sections:			
Sub-sections proposed for amending:	various		

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Submit for Technical Panel review and vote	August 15 2006
2.0	Recommended by Technical Panel and Submitted for IESO Board Approval	August 29, 2006
Approved Amendment Publication Date:		
Approved Amendment Effective Date:		

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

- The reason for the proposed amendment and the impact on the *IESO-administered markets* if the amendment is not made.
- Alternative solutions considered.
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IESO-administered markets*.

SUMMARY

It is proposed to make a number of minor amendments to the market rules in order to provide greater clarity to market participants. These amendments, which are non-material in nature, include:

- Removing a rule note from Chapter 11 regarding references to “Ontario” and replacing or deleting certain references to “Ontario” in other sections of the market rules;
- Removing a rule note from Chapter 9 regarding physical allocation data that is no longer required;
- Removing defined terms that are no longer used; and
- Removing the numbering of defined terms within Chapter 11.

BACKGROUND

The *IESO* has identified a number of “clean-up” amendments to the *market rules*. These clean-up items include:

Deletion Of Rule Notes: The *market rules* contain two rule notes or explanatory notes which are inserted for convenience only and do not form a part of the *market rules*. Rule notes do not affect the interpretation of the *market rules* nor are they binding on the *IESO* or on any *market participant*. The *IESO* found that the issues described in each rule note have been addressed or can be addressed through minor amendments to certain sections of the *market rules*.

The rule note in Chapter 11 states:

“the use of the terms “within Ontario”, “in Ontario”, “outside Ontario” and similar expressions may be problematic in certain contexts where references should relate not to the geographic boundaries of the Province but to operational boundaries (for example, “within the *IMO control area*” or “outside the *IESO-controlled grid*”). The relevant provisions of the *market rules* should be considered in this light and any necessary adjustments made.”

This note can be removed if the market rule references to “within Ontario”, “in Ontario”, “outside Ontario” are amended to the appropriate reference, such as “inside the *IESO control area*” or “outside the *IESO-controlled grid*”, as proposed under MR-00324-R01.

The second rule note in Chapter 9, section 2.4, with respect to Physical Allocation Data, states:

“the *IESO Board* may elect to review these rules subject to the conclusion of an *OEB* examination into the issue of double settlement of *retailers* and

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like entities in the *retail* and wholesale markets.”

This note should be removed because the OEB’s examination of this issue has been published on the OEB website in the First Generation Performance Based Regulation for Electricity Distributors - Distribution Rate Handbook in section 11.5: http://www.oeb.gov.on.ca/documents/cases/RP-1999-0034/chapter11_revision2.pdf An excerpt of the OEB’s examination into PAD is shown below:

“11.5 PHYSICAL ALLOCATION PROCESS

The Board has considered the ability of distributors to accommodate Physical Allocation at the initial phase of market opening and concluded that it may not be feasible to do so for customers without an interval meter. Therefore, the Board will not obligate a distributor to accommodate a request for Physical Allocation from an aggregator of customers without interval meters.

However, if a Wholesale Market Participant Distributor is presented with a request for Physical Allocation from a customer (the “Requester”) with a remotely read interval meter (defined as a MIST meter in the RSC); the Wholesale Market Participant Distributor shall enter into discussions with the Requester and consider the feasibility of accommodating such a request.

If the two parties are able to reach a physical allocation agreement (“PAA”), the Wholesale Market Participant Distributor must file the PAA with the Board for approval. The PAA shall include specific provisions setting out how variances shall be accounted for between the agreed allocated quantity (or factor) and the actual hourly quantity of energy withdrawn by the Requester. The Wholesale Market Participant Distributor is responsible for proposing a plan to ensure that other customers in its service territory are held harmless by this agreement. When filing the PAA with the Board for approval, the Wholesale Market Participant Distributor shall also apply for a rate that will recover all incremental costs incurred for accommodating the PAA from the Requester.

The obligations of a Wholesale Market Participant Distributors with respect to Physical Allocation will be revisited in conjunction with the mid-term review held to design the next generation of performance-based ratemaking (PBR).”

Removing these Rule Notes will improve the clarity of the market rules.

Defined terms No Longer Used: There are a number of defined terms in Chapter 11 that are no longer used in the market rules and should be removed. These terms were previously referenced in the market rules, however, at some point the market rule was deleted, and the associated defined term was left in Chapter 11. The terms are:

- § *new connection assets*: reference in Ch.10 (s) 9.4.1 removed for baseline 3.1 September 11, 2000
- § *new connection facility*: removed prior to baseline 1.0 February 18, 2000
- § *new embedded generation facility*: removed prior to baseline 1.0 February 18, 2000
- § *power system stability service*: removed prior to baseline 1.0 February 18, 2000
- § *residual risk*: reference in Ch.3 (s) 4 removed for baseline 3.1 September 11, 2000
- § *restoration-related breaker*: removed prior to baseline 1.0 February 18, 2000
- § *risk of seller non-delivery*: reference in Ch.2 (s) 5.3.4.1a removed for baseline 3.1 September 11, 2000
- § *wholesale meter pool charge*: removed prior to baseline 1.0 February 18, 2000

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Numbering of Defined Terms: The numbering of defined terms in Chapter 11 is not necessary because the terms are arranged in alphabetical order. By removing the numbering of each term, the page set-up will be more user-friendly for both reading and printing. Specifically, removing the numbering of defined terms will reduce the total number of pages in Chapter 11 from 52 to 42 pages.

DISCUSSION

For the reasons noted above, this amendment proposes to delete from Chapter 11:

- the Rule Note regarding references to Ontario;
- defined terms no longer used; and
- the numbering of defined terms.

In addition, this amendment proposes to delete the Rule Note in Chapter 9 regarding Physical Allocation Data. Chapter 11 is not reproduced in this proposal document showing deletion of the numbering as a tracked change in order to save paper.

PART 4 – PROPOSED AMENDMENT

Chapter 9

2.4 Collection of Physical Allocation Data

Rule Note:

1. ~~[Intentionally left blank]The IESO Board may elect to review these rules subject to the conclusion of an OEB examination into the issue of double settlement of retailers and like entities in the retail and wholesale markets.~~

Chapter 11

Definitions

Rule Notes:

1. [Intentionally left blank]
2. ~~[Intentionally left blank]The use of the terms “within Ontario”, “in Ontario”, “outside Ontario” and similar expressions may be~~

~~problematic in certain contexts where references should relate not to the geographic boundaries of the Province but to operational boundaries (for example, “within the *IMO control area*” or “outside the *IMO-controlled grid*”). The relevant provisions of the *market rules* should be considered in this light and any necessary adjustments made.~~

~~*new connection assets* mean facilities that create a new connection or expand the capacity of an existing connection or are associated with a substantial reconstruction of an existing connection to extend the operating life of the connection (as opposed to extending the life of specific components thereof);~~

~~*new connection facility* means any connection to the *IMO-controlled grid* that has been approved by the appropriate authority in Ontario and has obtained the required Orders in Council and environmental approvals after October 30, 1998;~~

~~*new embedded generation facility* means an *embedded generation facility* committed after October 30, 1998 and operated in such a way that its *energy* output reduces *energy* withdrawals from the *IMO-controlled grid* as measured by *RWMs*;~~

~~*power system stability service* means a service provided by a *market participant* so as to allow the *IMO* to maintain the stability of the *IMO-controlled grid*;~~

~~*residual risk rules* means the rules described in section 8.1.2 of Chapter 2;~~

~~*restoration related breaker* means any breaker that is connected to the *IMO-controlled grid* and including any breaker or other load interrupting device connected to the *IMO-controlled grid* that has a load greater than 5 MW and is located immediately downstream of a transformer secondary bank breaker or low voltage bus tie breaker of a transformer that is directly connected to the *IMO-controlled grid* and any other breaker that the *IMO* deems necessary to accomplishing system restoration. This includes a recloser within a distribution facility that is remotely controlled and is directly connected to the *IMO-controlled grid*;~~

~~*risk of seller non delivery* means with respect to a *selling market participant*, a factor used to determine the amount of *prudential support* required in relation to a *physical bilateral contract*, as calculated pursuant to section 5.3.4.1 (a) of Chapter 2;~~

~~*wholesale meter pool charge* means a charge imposed by a transmitter for the use of metering services;~~

PART 5 – IESO BOARD DECISION RATIONALE

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Chapter:	5, 8, 9	Appendix:	
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PART 2 – PROPOSAL HISTORY – REFER TO MR-00324-R00

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Summary

Refer to MR-00324-R00.

This amendment proposes to amend references to “Ontario” resulting from deletion of rule note in Chapter 11 proposed under MR-00324-R00.

Background - Refer to MR-00324-R00

Discussion

It is proposed to change the reference to “Ontario” to the “*IESO control area*” in the following market rules because the rules are related to IESO reliability obligations regarding the IESO control area:

- Chapter 5 (s) 5.5.2
- Chapter 5 (s) 6.2.5.2
- Chapter 7 (s) 14.1.1

It is proposed to delete the reference to “Ontario” from the following market rules because other defined terms and/or market rules, indicated below, provide sufficient information thus making the reference to “Ontario” unnecessary:

- Chapter 7 (s) 2.2B.1.3: definition of “facility”.
- Chapter 8 (s) 2.2.1.1: definition of “delivery point”.
- Chapter 8 (s) 2.2.1.2: definition of “intertie metering point”, “intertie zone”, “intertie”, “interconnection”.
- Chapter 9 (s) 2.1.6: definition of “registered facility”, “facility”.
- Chapter 9 (s) 2.5.1.1: definition of “intertie zone”, “intertie”, “interconnection”.
- Chapter 9 (s) 3.1.3: definition of “delivery point”, Chapter 9 (s) 2.4A.1, “RWM”.
definition of “primary RWM”.
definition of “delivery point”, Chapter 9 (s) 2.4A.1, “RWM”.
- Chapter 9 (s) 3.1.4: definition of “delivery point”, Chapter 9 (s) 2.4A.1, “RWM”.
- Chapter 9 (s) 3.5.6.1: definition of “facility”.

In addressing the reference to “Ontario” in Chapter 9 (s)3.6.2, it is proposed to rewrite the sentence to be consistent with a reference to locational pricing in Chapter 6, section 6.4.2a for clarity and consistency.

It is not proposed to change other market rule references to Ontario as those references are to the province of Ontario. A list of these references is attached for information purposes.

PART 4 – PROPOSED AMENDMENT

Chapter 5

5.5 Interconnection Assistance

- 5.5.2 In requesting assistance from *market participants* and from other *security coordinators*, the *IESO* shall take effective action in the *IESO control area* ~~within Ontario~~ prior to, or concurrently with, similar action being taken by the *interconnected system* providing assistance.

6.2 Outage Planning

Exclusions of Outages for Generation Facilities

- 6.2.5 Notwithstanding any other provision of section 6, *outages* to the following *generation facilities* do not need to be reported to support the 18-month assessments referred to in section 7.3.1.2:
- 6.2.5.1 in the case of all *generators*, *generation facilities* having a *capacity* of less than 20 MW; or
 - 6.2.5.2 in the case of a *generator* whose total available capacity inside the *IESO control area* ~~Ontario~~ exceeds 4000 MW, *generation facilities* that represent less than 0.5 percent of the total *capacity* of such *generator*, unless the *generation facilities* have been identified by the *IESO* as affecting the *reliability* of the *IESO-controlled grid*. The *IESO* shall notify the relevant *generators* of any *generation facilities* so identified.

Chapter 7

2.2B Generation Facility Eligibility for the Real-Time Generation Cost Guarantee

- 2.2B.1 A *registered market participant* for a *generation facility* shall be eligible for the guarantee of certain elements of its costs, calculated in accordance with section 4.7B of Chapter 9, provided the following criteria are met:

2.2B.1.2 the *facility* is a dispatchable *generation facility*; and

~~2.2B.1.3 the *facility* is located within Ontario; and~~

2.2B.1.43 the *registered market participant* has, according to the timelines and in the form specified in the applicable *market manual*, submitted to the *IESO* the following data for the *generation facility*: *combined guaranteed costs*; *minimum run-time*; and the *minimum loading point* and that the *IESO* accepts the data as reasonable.

14.1 Description of Transitional Demand Response Program

14.1.1 The Transitional Demand Response Program is a temporary program to reduce barriers to *demand response* ~~in Ontario~~ inside the *IESO-control area*.

Chapter 8

2.2 The Content of Bilateral Contract Data

2.2.1 Any *selling market participant* may submit to the *IMO* *physical bilateral contract data* defining *physical bilateral contract quantities* of *energy* that it is selling to a specified *buying market participant* in specified hours and at any location, so long as it is either:

2.2.1.1 a specified *delivery point* associated with an *RWM*; ~~within Ontario~~; or

2.2.1.2 a specified *intertie metering point*; ~~interpreted to mean a location outside Ontario within the *intertie zone* served by that *intertie metering point*~~.

Chapter 9

2.1 Metering and Metering Responsibilities

2.1.6 Each *market participant* registered as the *registered market participant* responsible for a *registered facility* ~~within Ontario~~ shall designate to the *IESO* a single *metered market participant* responsible for submitting to the *IESO* the *physical allocation data* permitted by this Chapter with respect to that *registered facility*.

2.5 Collection of Interchange Schedule Data

- 2.5.1 The *IESO* shall, in co-operation with other *control area operators*, *security coordinators* and *interconnected transmitters* and in accordance with applicable interchange protocols, determine the following *interchange schedule data* for each *settlement hour*:
- 2.5.1.1 the total scheduled flows of *energy*, and of any other physical quantity or *physical service* traded in the *IESO-administered markets*, across each transmission interface between the *IESO-controlled grid* and an *intertie zone*; ~~in a control area outside Ontario~~; and
- 2.5.1.2 the allocation of each scheduled *intertie* flow among *market participants*.

3.1 Hourly Settlement Variables and Data

- 3.1.3 The *IESO* shall determine *energy market* prices and quantities as provided in Chapter 7 and shall provide the following variables and data from the *energy market*, determined in accordance with section 3.1.4A, directly to the *settlement process*:

$EMP_h^{i,t}$ = energy market price at *intertie metering point* ‘i’ in *metering interval* ‘t’ of *settlement hour* ‘h’

= $ICP_h^{i,t} + EMP_h^{m,t}$ subject to the constraints outlined in sections 8.2.2.4 and 8.2.2.5 of Chapter 7.

where m is any *delivery point* ~~within Ontario~~ while uniform pricing exists.

where $i \in M$ such that M is the set of all *delivery points* ‘m’ and *intertie metering points* ‘m’.

$HOEP_h$ = *hourly Ontario energy price* in *settlement hour* ‘h’

= $\sum_{m,t} EMP_h^{m,t} / 12$,

with t = all *metering intervals* in *settlement hour* ‘h’

m = all *primary RWMs* ~~(within Ontario)~~

- 3.1.4 The *IESO* shall determine *operating reserve market* prices and quantities in a process integrated with the *energy market*, as provided in Chapter 7. For each of the two types “r” of *class r reserves*, the *IESO* shall provide directly to the *settlement process* the following variables and data, determined in accordance with section 3.1.4A:

$PROR_{r,h}^{m,t}$ = market price (in \$/MW) of class r reserve in metering interval ‘ t ’ of settlement hour ‘ h ’ at delivery point ‘ m ’ or intertie metering point ‘ m ’

$PROR_{r,h}^{i,t}$ = market price (in \$/MW) of class r reserve in metering interval ‘ t ’ of settlement hour ‘ h ’ at intertie metering point ‘ i ’

where $i \in M$ such that M is the set of all *delivery points* ‘ m ’ and *intertie metering points* ‘ m ’.

= $ICP_{r,h}^{i,t} + PROR_{r,h}^{m,t}$ subject to the constraints outlined in sections 8.2.2.6 and 8.2.2.7 of Chapter 7.

where m is any *delivery point* ~~within Ontario~~ while uniform pricing exists.

3.5 Hourly Settlement Amounts for Congestion Management

3.5.6 Subject to section 3.5.7, the *IESO* shall adjust, in the matrices specified in section 3.5.2 and for the purposes of determining the applicable congestion management *settlement* credit payments, any *offer price* that:

3.5.6.1 is associated with a *generation facility* ~~located within Ontario~~ or is associated with an injecting *boundary entity*; and

3.5.6.2 is less than a specified lower limit where such limit is the lesser of 0.00 \$/MWh and the *energy market price* for the applicable *dispatch interval*;

to that lower limit.

3.6 Hourly Settlement Amounts for Transmission Rights and Charges

3.6.2 The contribution to the *transmission charge reduction fund* in settlement hour ‘ h ’ (“ $TCRF_h$ ”) shall be the net congestion rentals collected by the *IESO* (the negative of the net *energy market settlement* credit paid to *market participants*) less the net payments from the *IESO* to *market participants* under *TRs*, or:

$$\text{TCRF}_h = \sum_{t,m} (\text{EMP}_h^{m,t} - \text{EMP}_h^{\text{REF},t}) \times \sum_k (\text{AQEW}_{k,h}^{m,t} - \text{AQEI}_{k,h}^{m,t}) - \sum_k \text{TRSC}_{k,h}$$

where:

t = all metering intervals in settlement hour 'h'

m = all primary RWMs and intertie metering points

k = all market participants

$$\text{EMP}_h^{\text{REF},t} = \text{energy market price at the reference bus in metering interval 't' of settlement hour 'h'. ~~If there is only a single energy market price in Ontario, that price is the energy market price at the reference bus.~~ Until such time that locational pricing is implemented in the IESO-administered markets, the uniform energy market price is the energy market price at the reference bus.}$$

PART 5 – IESO BOARD DECISION RATIONALE

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ADDENDUM TO MR-00324

Relevant Definitions:

IMO-administered markets means the markets established by the *market rules* and, continued as the *IESO-administered markets*;

IESO-controlled grid means the *transmission systems* with respect to which, pursuant to *operating agreements*, the *IESO* has authority to direct operations;

IMO control area means that area, including the *IMO-controlled grid*, with respect to which the *IMO* is the *control area operator*;

Instances where “within Ontario”, “outside Ontario”, etc. occur in the *market rules* but were not amended:

Chapter 1

2. Background and Legislative Authority

2.1 White Paper

- 2.1.1 In November, 1997, the Government of Ontario issued a White Paper entitled “Direction for Change: Charting a Course for Competitive Electricity and Jobs **in Ontario**”, which set forth the broad framework for electricity sector reform with a view to the establishment of a competitive electricity market **in Ontario**.

3. Market Objective

- 3.1.1 The objective of the *IMO-administered markets* is to promote an efficient, competitive and reliable market for the wholesale sale and purchase of electricity and *ancillary services* **in Ontario**.

4. Objectives and Status of Market Rules

4.1 Objectives and Status of Market Rules

- 4.1.1 The objectives of the *market rules* are to govern the *IMO-controlled grid* and to establish and govern efficient, competitive and reliable markets for the wholesale sale and purchase of electricity and *ancillary services* in Ontario.

Chapter 2

5.8 Reductions in Prudential Support Obligations

- 5.8.3 Subject to section 5.8.6, the *prudential support obligation* of a *market participant* may be reduced relative to the *market participant's maximum net exposure* or, where applicable, relative to the otherwise applicable *prudential support obligation* calculated in accordance with section 5.3.4B, by an amount equal to the monetary value ascribed, in accordance with section 5.8.4 or 5.8.5, to the *market participant's* historical good payment history in Ontario, which shall be assessed by the *IMO* on the basis of:

Chapter 7

2.2 Registered Facilities

- 2.2.23 Within one month of the coming into effect of the amendments to the contract with *OEFC* required as a result of electricity industry restructuring in Ontario in respect of a *transitional scheduling generator*, the *registered market participant* for the *transitional scheduling generator* shall change registration for the applicable *generation facility* to one of the other *generation facility* registrations.

10.1 Purpose and Activation of the Capacity Reserve Market

- 10.1.3 The *IESO Board* may at its discretion activate the *capacity reserve market* where appropriate based on the annual or monthly assessments referred to in section 7.3 of Chapter 5 and considering such factors as, but not limited to, prospects for new generation in Ontario or neighbouring regions and assessments of the ability of demand-side responses and transmission options to relieve any expected *capacity reserve* shortages. Where the *IESO Board* activates the *capacity reserve market*, the *IESO* shall *publish* a notice to that effect no later than 60 days prior to the date of the first *capacity reserve* auction to be conducted in accordance with section 10.2A.1.