



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00314-R00		
Subject:	Day-Ahead Commitment Process (DACP)		
Title:	IESO Authorities and Obligations to Cancel DACP		
Nature of Proposal:	<input type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input checked="" type="checkbox"/> Addition
Chapter:	7	Appendix:	
Sections:	1.7		
Sub-sections proposed for amending:	1.7.4 and 1.7.5		

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel Review	1 March 2006
2.0	Publish for Stakeholder Review and Comment	8 March 2006
3.0	Submit to Technical Panel for Review and Vote	24 March 2006
4.0	Revised and re-Submitted to Technical Panel for Review and Vote	27 March 06
5.0	Recommended by Technical Panel and submitted to IESO Board	28 March 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 amend the market rules to authorize the IESO to cancel the day-ahead commitment process (DACP) for a given dispatch day when a software or process failure results in a failure of the DACP to meet the minimum DACP standards defined in the applicable market manual.

These amendments are required to ensure that day-ahead commitments, and the resulting guarantee payments are made on the basis of the complete DACP, with its designed market disciplines and due regard for IESO assessment of security and adequacy.

Background

Recent amendments to the Market Rules allow for the implementation of the pre-dispatch scheduling and commitment component of the DACP. The rule amendments associated with the DACP do not specifically address IESO obligations, permissions and authorities in the event that a software or process failure occurs during the DACP.

The primary objective of the DACP is to provide greater assurance that sufficient resources are committed day-ahead to meet forecast reliability needs in real-time. Day-ahead resource commitments will be based on the results of the pre-dispatch of record, which will be published by 15:00 each day. A measure of market discipline is maintained by allowing for four pre-dispatch sequences prior to the publication of the pre-dispatch of record. In the event of a significant process or software failure, it is possible that one or more of these pre-dispatch solutions will not be completed. Such failures of pre-dispatch sequences have occurred infrequently since market commencement but have not had an impact on the real-time market. If such failures occur during the DACP, day-ahead commitment decisions could be based on invalid information. To prevent this type of situation from occurring, the DACP Operations Working Group has proposed that the DACP for a given day would be cancelled if two or more of these hourly pre-dispatch solutions failed or produced incorrect results.

Existing market rules allow the IESO to suspend market operations due to software failures. However, these provisions in the rules are generally intended to address significant failures within the market. This amendment proposes to approach DACP software and process failures in a manner consistent with other circumstances that result in temporary failures of market features (eg. Transmission Rights Auction failure, Chapter 8, section 4.1.6.3; Administrative Pricing, Chapter 7, section 8.4A).

Discussion

Stakeholders have proposed that the IESO should have the authority to cancel the DACP for a given dispatch day, in the event that the minimum DACP standards have not been met. This authority is proposed to ensure that the principles of the DACP design are satisfied, resulting in enhanced reliability in real-time. The Operations Working Group has expressed the opinion that multiple incomplete or incorrect hourly pre-dispatch cycles for a given day would be incompatible with this goal of enhanced

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

reliability.

It is proposed to authorize and obligate the IESO to cancel the day-ahead commitment process for a given dispatch day when process or software failures prevent two or more hourly day-ahead commitment process pre-dispatch cycles from meeting the criteria for a minimum acceptable DACP pre-dispatch run, as defined in the applicable market manual.

In order to ensure a transparent exercise of the DACP, the IESO would notify market participants as soon as possible if the DACP is cancelled for a given dispatch day. The IESO would also be obligated to inform market participants as to whether the DACP will resume for the subsequent dispatch day. These notifications are proposed to allow market participants sufficient time to make any necessary adjustments to their businesses following the cancellation of the DACP.

PART 4 – PROPOSED AMENDMENT

1.7 IESO Authorities and Obligations Regarding the Time Period During Which the Day-Ahead Commitment Process Functions

1.7.1 The Chief Executive Officer of the *IESO* may adjust the time periods during which the day-ahead commitment process shall be used. In adjusting the time period for the use of the day-ahead commitment process, the Chief Executive Officer of the *IESO* shall consider the impact of the day-ahead commitment process on the *IESO-administered markets* and the *IESO-controlled grid*. In adjusting these time periods, the Chief Executive Officer of the *IESO* may specify *dispatch hours* and *dispatch days* during which the day-ahead commitment process shall be used.

1.7.2 The day-ahead commitment process shall not be used beyond November 30, 2006 unless the *IESO Board* passes a resolution to authorize its use beyond that date.

1.7.3 The *IESO* shall notify *market participants* at least five *business days* in advance of:

- the day the day-ahead commitment process will first be used; and
- the day that any adjustments to the time periods specified by the Chief Executive Officer of the *IESO* will come into effect.

1.7.4 The *IESO* shall cancel the day-ahead commitment process for a given *dispatch day* when process or software failures prevent two or more hourly day-ahead commitment process pre-dispatch cycles from meeting the minimum criteria for a minimum acceptable DACP pre-dispatch run, as defined in the applicable *market manual*.

1.7.5 In accordance with the applicable *market manual*, if the *IESO* cancels the day-ahead commitment process for a given *dispatch day*, the *IESO* shall:

- inform *market participants* of the cancellation;
- inform *market participants* as to whether the day-ahead commitment process will resume for the subsequent *dispatch day*.

PART 5 – IESO BOARD DECISION RATIONALE

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