



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00317-R00		
Subject:	Day-Ahead Commitment Process		
Title:	Prohibit Import Eligible for DA-IOG to Be Part of a Linked Wheeling Through Transaction		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	7	Appendix:	
Sections:			
Sub-sections proposed for amending:	3.3A.13 (new)		

PART 2 – PROPOSAL HISTORY –

Version	Reason for Issuing	Version Date
1.0	Submit for Technical Panel Review	April 6, 2006
2.0	Publish for Stakeholder Review and Comment	April 11, 2006
3.0	For Technical Panel Review and Vote to Recommend	April 26, 2006
4.0	Recommended by Technical Panel: Submitted for IESO Board Approval	May 2, 2006
5.0	Approved by IESO Board	May 8, 2006
Approved Amendment Publication Date:	May 9, 2006	
Approved Amendment Effective Date:	May 31, 2006	

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

This amendment proposes that:

- a market participant who is eligible to receive a Day-Ahead Intertie Offer Guarantee (DA-IOG) for an import transaction would not be permitted to convert that day-ahead import transaction to a linked wheeling through transaction;
- the IESO be authorized to recover any DA-IOG payments made for the import leg of a linked wheeling through transactions and to re-distribute those payments to market participants; and
- the IESO not consider import offers associated with a linked wheeling through transaction when determining DACP pre-dispatch schedules.

These changes are required to ensure that an import scheduled in the Day-Ahead Commitment Process (DACP) and eligible for a DA-IOG will provide the reliability benefit to Ontario i.e. flow to meet the requirements of Ontario loads and not flow through Ontario to other markets.

Background

The Day-Ahead Commitment Process (DACP) affords market participants the opportunity to arrange day-ahead import transactions and secure a guaranteed floor price for that transaction through a Day-Ahead Intertie Offer Guarantee (DA-IOG). The DA-IOG enhances reliability by providing a financial guarantee with which to attract imports to the Ontario market.

If a day-ahead import transaction (included in the day-ahead pre-dispatch-of-record and therefore eligible to receive the DA-IOG) is linked to an export transaction through the process outlined in Chapter 7, section 3.5.8.2 it becomes part of a “linked wheeling through” transaction. A “linked wheeling through” transaction offers no reliability benefit to Ontario. The electricity cannot service Ontario load since the IESO is prohibited from cutting the export leg of the transaction without also cutting the import leg of the transaction. In addition, other DACP commitments are made based on that import transaction and if it becomes part of a “linked wheeling through” transaction the IESO could be under-committing resources needed to meet forecast Ontario demand and operating reserve requirements.

In accordance with the DACP design, registered market participants whose imports receive a schedule in the DACP are eligible for a DA-IOG for that transaction. Exports are not considered by the DACP. (please refer to http://www.ieso.ca/imoweb/pubs/mr2006/MR_00304-R00-BA.pdf) These guarantees assure that importers will recover at least day-ahead as-offered costs if imports perform in real-time in a manner consistent with the day-ahead commitment. The DA-IOG is a guarantee paid by Ontario loads to ensure sufficient imports will flow in real-time to maintain the reliable operation of the IESO-controlled grid and to service Ontario load.

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

The existing DACP data submission market rules (please refer to http://www.ieso.ca/imoweb/pubs/mr2006/MR_00303-R00-R05-BA.pdf) did not prohibit an import eligible for a DA-IOG from being converted into a “linked wheeling through” transaction. Ontario loads should not be paying a reliability premium to imports scheduled in the DACP if those imports become part of a linked wheeling through transaction. Furthermore, a loss of that import by the IESO-administered markets has the potential to adversely impact the reliability of the IESO-controlled grid because the import had been scheduled in the DACP to meet the demand of Ontario load for the next day. For these reasons the market rules should prevent an import scheduled in the DACP from becoming part of a “linked wheeling through” transaction and if that does occur the IESO should be granted the authority to recover any DA-IOG payments associated with the transaction from the registered market participant and for the IESO to be obligated to re-distribute those recovered payments to market participants. In addition, the IESO should not be considering a linked import during the DACP and the market rules should be amended to reflect that obligation.

For further information on the Day-Ahead Commitment Process design please refer to:

http://www.ieso.ca/imoweb/consult/consult_isr.asp

Discussion

It is therefore proposed to insert a new section 3.3A.13 into Chapter 7 of the market rules to prohibit a market participant from converting a day-ahead import transaction to a linked wheeling through transaction. It is also proposed to specify in section 3.3A.13 that if the IESO detects that dispatch data was revised in order to convert the import into a linked wheeling through transaction the IESO would be obligated to recover from the market participant any DA-IOG for that transaction and to redistribute the payment to market participants in accordance with Chapter 9, section 4.8.2.11.

PART 4 – PROPOSED AMENDMENT**3.3A Dispatch Data Submissions for the Day-Ahead Commitment Process**

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3.3A.13 A registered market participant for a boundary entity who is eligible to receive a day-ahead *intertie offer* guarantee for an import transaction in accordance with section 3.3A.5 shall not revise the submitted *dispatch data* to link that import transaction to an export transaction as described in section 3.5.8.2 of Chapter 7. If the IESO determines that the *dispatch data* was revised by the registered market participant in the manner described above the IESO shall recover from the registered market participant any day-ahead *intertie offer* guarantee payment for that import transaction and shall redistribute the payment in accordance with chapter 9, section 4.8.2.11.

PART 5 – IESO BOARD DECISION RATIONALE

These amendments ensure that an import scheduled in the DACP and eligible for a DA-IOG provides the reliability benefit to Ontario paid for by the guarantee payment.



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00317-R01		
Subject:	Day-Ahead Commitment Process		
Title:	Prohibit Import Eligible for DA-IOG to Be Part of a Linked Wheeling Through Transaction - Settlements		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	9	Appendix:	
Sections:			
Sub-sections proposed for amending:	4.8.2.11 (new)		

PART 2 – PROPOSAL HISTORY – PLEASE REFER TO R00

Version	Reason for Issuing	Version Date
Approved Amendment Publication Date:		
Approved Amendment Effective Date:		

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

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- 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

This amendment proposal specifies the obligation for the IESO to redistribute to market participants any day-ahead intertie offer guarantee (DA-IOG) payments recovered under section 3.3A.13 of Chapter 7. This obligation is necessary to ensure that market participants who have paid for the DA-IOG payments in the first place are reimbursed when the IESO recovers these payments from registered market participants who have converted the import transactions into a linked wheeling through transaction.

Background

Please see MR-00317-R00.

Discussion

Consequential to the rule amendment proposed in MR-00317-R00, MR-00317-R01 proposes to insert a new section 4.8.2.11 into Chapter 9 of the market rules to obligate the IESO to redistribute any adjustments made to day-ahead intertie guarantee payments in accordance with section 3.3A.13 of Chapter 7. These payments would be made to market participants on a pro-rata basis based on energy consumption during that energy market billing period.

PART 4 – PROPOSED AMENDMENT

4.8 Additional Non-Hourly Settlement Amounts

4.8.2 The IESO shall, at the end of each *energy market billing period*, distribute to *market participants*, on a pro-rata basis across all allocated quantities of *energy* withdrawn at all *RWMs* and *intertie metering points* during all *metering intervals* and *settlement hours* within that *energy market billing period*, the following amounts:

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4.8.2.9 any proceeds from the real-time import failure charge or the real-time export failure charge that in accordance with section 3.9.5 are not distributed as a component of *hourly uplift*; ~~and~~

4.8.2.10 any proceeds from the recovery of congestion management *settlement* credits or other *settlement amounts* in accordance with section 6.6.10A.2 of Chapter 3, excluding any payments recovered under section 4.18.1.6 of Chapter 8;

4.8.2.11 any recovery of day-ahead *intertie offer guarantee* payments pursuant to section 3.3A.13 of Chapter 7; and

4.8.2.12 any adjustments to Emergency Load Reduction Program payments pursuant to section 4.7F.

PART 5 – IESO BOARD DECISION RATIONALE

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Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00317-R02		
Subject:	Day-Ahead Commitment Process		
Title:	Prohibit Import Eligible for DA-IOG to Be Part of a Linked Wheeling Through Transaction		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	7	Appendix:	
Sections:	5.8		
Sub-sections proposed for amending:	5.8.1		

PART 2 – PROPOSAL HISTORY – PLEASE REFER TO R00

Version	Reason for Issuing	Version Date
Approved Amendment Publication Date:		
Approved Amendment Effective Date:		

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

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- 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

This amendment proposal specifies the IESO’s obligation not to consider import offers associated with a linked wheeling through transaction in determining pre-dispatch schedules associated with the day-ahead commitment process (DACP). This is necessary because market participants could submit a linked wheel import offer before the DACP is initiated.

Background

The existing market rules in section 5.8.1 of Chapter 7 do not currently prohibit the IESO from considering import offers in the DACP which are associated with “linked wheeling through” transactions. The IESO will not be considering these offers and this transparency is required in the market rules. For further information please refer to MR-00317-R00.

Discussion

It is proposed to amend section 5.8.1 of Chapter 7 of the market rules as follows:

- Specify the IESO’s obligation not to consider import offers associated with a linked wheeling through transaction in determining DACP pre-dispatch schedules.

PART 4 – PROPOSED AMENDMENT

5.8 The Day-Ahead Commitment Pre-Dispatch Scheduling Process

- 5.8.1 Starting from 11:00 EST and until the constrained schedules from the pre-dispatch of record are published under section 5.8.2 ~~the IESO shall determine pre-dispatch schedules~~ for the dispatch hours of the next dispatch day, without considering:
- offers for import transactions linked to export transactions through the process outlined in section 3.5.8.2 of Chapter 7; and
 - all export bids.

~~export bids for the dispatch hours of the next dispatch day each hour starting from 11:00 EST, until the constrained schedules from the pre-dispatch of record are published under section 5.8.2.~~

PART 5 – IESO BOARD DECISION RATIONALE

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