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## Market Rule Interpretation Bulletin

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Interpretation Bulletins are produced by the *IESO* to give notice to *market participants* of clarifications regarding the interpretation, application or implementation of a *market rule*.

**Publication Date:** October 31, 2006

**Effective Date:** November 1, 2006

**Change Date:** November 30, 2020 - Updated to meet accessibility requirements pursuant to the Accessibility for Ontarians with Disabilities Act.

### Part 1 – Market Rule Information

Title:

#### Maintaining the Reliability of Supply to Customer Connections

##### List of Relevant Market Rules

<b>Chapter: 5</b>	<b>Appendix:</b>	<b>Sections: 5.1 Objectives and General Obligations</b>
<b>Chapter: 5</b>	<b>Appendix:</b>	<b>Sections: 5.4 Reliability Policy for Area Supply</b>
<b>Chapter: 5</b>	<b>Appendix:</b>	<b>Sections: 6 Outage Coordination</b>

### Part 2 – Other Relevant Market Documents

Provide a list of other relevant market documents affected (e.g. procedures, bulletins, etc.):

1. Market Manual 7: System Operations: Part 7.4: IESO-Controlled Grid Operating Policies – section 4 “Reliability”
2. Market Manual 7: System Operations: Part 7.3: Outage Management – section 1.3 “Overview”

## Part 3 – Background Information

This interpretation bulletin has two purposes. The first is to define more clearly the IESO's obligations with respect to maintaining the reliability of supply to customers directly connected to the IESO-controlled grid, particularly in the context of the need to reconfigure the IESO-controlled grid as part of assessing requests for outages of transmission facilities. The second is to provide notice to market participants of a change in the IESO's practices.

The IESO, when assessing requests for outages and the need for configuration changes, has up until now considered the potential impact of these requests on individual customer connections. Where the IESO has assessed that the request would have resulted in an increased risk to the customer connection, the request was denied. Transmitters have identified that the reliability of individual customer connections and supply is their accountability and have questioned why the IESO denies these requests where the impact is limited to individual customer connections and does not reduce the overall reliability of the IESO-controlled grid.

One of the objects of the IESO under the Electricity Act is to “direct the operation and maintain the reliability of the IESO-controlled grid to promote the purposes of this Act” (emphasis added). The IESO considers this object to be of paramount importance. This is reflected in the Market Rules where Section 1.1.3 of Chapter 5 “Power System Reliability” provides that the provisions of that Chapter take precedence over any other provisions of the Market Rules in the event of any contradiction or inconsistency in the other provisions.

The object of maintaining reliability is not absolute. It is qualified by the requirement that it be done to promote the purposes of the Electricity Act. The purposes of the Act are set out in Section 1 and the relevant purposes from a reliability perspective are: f) to protect the interest of consumers with respect to prices and the adequacy, reliability and quality of electricity service; and g) to promote economic efficiency and sustainability in the generation, transmission, distribution and sale of electricity.

Section 3.2.2 of Chapter 5 of the Market Rules requires the IESO to carry out its obligations in accordance with all applicable reliability standards. Obligations are also placed on transmitters (Section 3.4.1), connected wholesale customers (Section 3.5.1), generators (Section 3.6.1) and distributors (Section 3.7.1) to operate and maintain their respective facilities and equipment in a manner “that is consistent with the reliable operation of the IESO-controlled grid” and to “assist the IESO in the discharge of its responsibilities related to reliability”.

There is a definition of reliability in the Market Rules. In the context of the IESO-controlled grid, reliability means the ability of the grid to operate within reliability standards in an adequate and secure manner.

Reliability focuses on the adequacy and security of the electricity system to supply customers. Reliability standards do not impose an absolute requirement to maintain a continuous supply. Reliability authorities, such as the IESO, are required to maintain reliability at a reasonably acceptable level. The IESO assesses the risk and may accept reduced reliability to facilitate outages. Maintenance outages must be taken at some point but to do so increases the likelihood of a reduction in reliability. To not take appropriate maintenance outages can also increase the likelihood of a reduction in reliability due to equipment failures and resulting outages.

## **Part 4 – Interpretation and Application**

### **Interpretation – Guidelines for Assessment of Outages of Facilities that may Impact on Individual Customers**

The IESO has developed this Interpretation Bulletin to define clearly the criteria that the IESO will consider and apply in assessing outages to facilities. Among other things, this Interpretation Bulletin will provide Market Participants with more clarity and certainty on how the IESO addresses reliability when assessing configuration changes and outages on the IESO-controlled grid and the role of Transmitters in these assessments.

This Interpretation Bulletin does not in any way change the existing coordination and communications requirements between the IESO, Transmitters and Market Participants in either the planning timeframe or in real time. The existing outage reporting requirements will remain valid for all Market Participants.

The IESO reviews the impact of configuration changes and outage schedules on the fulfillment by the IESO of its reliability-related responsibilities under the Electricity Act, 1998, its license, and the market rules. Market participants are required to obtain the approval of the IESO in respect of configuration changes and planned outage schedules. The IESO is permitted to reject, revoke advance approval of and recall outages that may have an impact on the reliability of the IESO-controlled grid. Assessing the reliability of individual customer connections is the role of the Transmitter who is required to:

- coordinate outages impacting customer connections; and
- recommend changes to transmission configuration and or recall or cancel outages to secure the supply to customer connections during a high risk operating state.

### **Conclusion**

The reliability of the IESO-controlled grid is not dependent on the connection to individual customers. Customers have connection agreements with their Transmitter that outline any specific obligations of the Transmitter in maintaining customer connections. As such, the requirement to coordinate outages impacting individual customer connections rests with the Transmitter.

In accordance with the market rules and the operating agreements between Transmitters and the IESO, the responsibility of coordinating outages impacting on individual customer connections should not be placed on the IESO. As of November 1, 2006, the IESO will no longer include in its outage assessments the potential impact of the outage on the reliability of individual customer connections.

The forgoing interpretation is binding on the *IESO* subject to the provisions of Chapter 1, section 12.1.5