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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00380-R00		
Subject:	Congestion Management Settlement Credits (CMSC)		
Title:	Non-transmission Related Constrained Off Payments		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	9	Appendix:	
Sections:	3.5.1A, 3.5.1D		
Sub-sections proposed for amending:			

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Submit for IESO Board approval	March 29, 2011
2.0	Approved by IESO Board	March 31, 2011
Approved Amendment Publication Date:		March 31, 2011
Approved Amendment Effective Date:		April 1, 2011

### 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 addresses the circumstances under which the IESO may withhold or recover congestion management settlement credits (CMSC). It has recently come to the IESO's attention that the use of the market rule defined term "constrained off dispatchable load" unintentionally and inappropriately limits the IESO's ability to withhold or recover CMSC in certain situations.

This rule amendment is considered to be urgent as it meets the following statutory criteria: "It would avoid, reduce, or mitigate the effects of an unintended adverse effect of a market rule."

#### Background

In order to address significant CMSC payments resulting from an unintended adverse effect of the two schedule system, an issue that was identified by the Market Surveillance Panel, the IESO Board approved urgent market rule amendment [MR-00373](#) to temporarily suspend energy-related CMSC to all constrained-off dispatchable load facilities, effective August 28, 2010. In response to the Board's request to expedite work on an enduring market rule solution, the IESO initiated a stakeholder engagement [SE-89](#) to consider alternative solutions to the temporary suspension.

During September through November 2010, the IESO and the dispatchable load community worked together to develop a proposal to limit CMSC that was related to ramping, where such payments are the result of the facility's desired operations and not a result of conditions on the grid. Those discussions culminated in market rule amendment [MR-00374](#) that added section 3.5.1D of Chapter 9 of the market rules effective December 3, 2010.

#### Discussion

Section 3.5.1D uses the defined term "constrained off dispatchable load" as the qualifier for market participants that should not be entitled to receive CMSC payments. The defined term "constrained off dispatchable load" is not effective in achieving the intended outcome because it requires that the facility had been constrained off due to a transmission constraint or security limit on the system. The difference between the constrained and unconstrained schedules that arises due to ramping can occur in the absence of a transmission constraint or security limit. Therefore, section 3.5.1D is inconsistent with the intent of the amendment because it limits the type of CMSC that can be clawed back.

It is proposed to amend section 3.5.1D of Chapter 9 by removing the term "constrained off dispatchable load" and adding a condition that the dispatch quantity scheduled for withdrawal (DQSW) is less than the market quantity scheduled for withdrawal (MQSW).

For consistency, it is also proposed to remove references to "constrained off facility" where that term appears in the market rules outside of Appendix 7.6 – Local Market Power. That definition was created for the Local Market Power mitigation construct which specifically addresses CMSC associated with transmission constraints. The use of that defined term in section 3.5.1A of Chapter 9 is

**PART 3 – EXPLANATION FOR PROPOSED AMENDMENT**

unnecessarily limiting and should be replaced with the more general concept that the provisions apply where DQSW is less than the MQSW for any applicable metering interval in which these conditions apply.

**PART 4 – PROPOSED AMENDMENT**

3.5.1A A registered market participant for a ~~constrained-off facility~~ registered facility that is a dispatchable load is not entitled to a congestion management *settlement* credit determined in accordance with section 3.5.2 where that registered facility's DQSW is less than the corresponding MQSW at that location for the same metering interval as the result of ~~the facility's~~ that registered facility's own equipment or operational limitations, if:

3.5.1A.1 ~~a dispatchable load facility that registered facility~~ does not fully or accurately respond to its *dispatch instructions*; or

3.5.1A.2 ~~if~~ the ramping capability of ~~a dispatchable load facility that registered facility~~, as represented by the ramp rate set out in the *offers* or *bids*, is below the threshold for the *IESO* to modify *dispatch instructions* and thereby prevents changes to the *dispatch*;

and then the *IESO* may withhold or recover such congestion management settlement credits and shall redistribute any recovered payments in accordance with section 4.8.2 of Chapter 9.

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3.5.1D A registered market participant for a ~~constrained-off dispatchable load~~ registered facility that is a dispatchable load shall not be entitled to a congestion management *settlement* credit determined in accordance with section 3.5.2 for ~~hour~~ settlement hour 'h,' where:

3.5.1D.1 the *price-quantity pairs* contained in the *energy bid* associated with ~~the dispatchable load that registered facility~~ for ~~hour~~ settlement hour 'h' are not identical to the *price-quantity pairs* in the *energy bid* associated with the same ~~dispatchable load~~ registered facility for the applicable preceding ~~hour~~ settlement hour or following ~~hour~~ settlement hour; ~~and~~

- 3.5.1D.2 the change in *energy bid* as referred to in section 3.5.1D.1 results in a change in the quantity scheduled in the *market schedule* for that *dispatchable load registered facility* as described in the applicable *market manual*; ~~and~~
- 3.5.1D.3 the change in *energy bid* as referred to in section 3.5.1D.1 results in the ramping of ~~the *dispatchable load* that *registered facility*~~ as described in the applicable *market manual*; ~~and~~
- 3.5.1D.4 that *registered facility*'s DQSW is less than the corresponding MQSW at that location for any *metering interval* falling within *settlement hour* 'h'.

#### **PART 5 – IESO BOARD DECISION RATIONALE**

This amendment ensures that the wording of market rules effectively reflects the intended outcome.




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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

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Subject:	Congestion Management Settlement Credits (CMSC)		
Title:	Non-transmission Related Constrained Off Payments		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	11	Appendix:	
Sections:			
Sub-sections proposed for amending:			

### PART 2 – PROPOSAL HISTORY – REFER TO MR-00380-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 clarifies that dispatchable loads means a load that is subject to dispatch by the IESO and is located within the IESO control area.

**Background**

Refer to MR-00380-R00

**Discussion**

This proposed amendment provides clarity related to the definition of a dispatchable load. While it is generally understood that a boundary entity is external to Ontario, the current definition of dispatchable load does not expressly rule out boundary entities.

To provide greater clarity, it is proposed to amend the definition of “dispatchable load” to specify that a dispatchable load is a load facility which, by definition, means it must be a registered facility located within the IESO-control area.

**PART 4 – PROPOSED AMENDMENT**

*dispatchable load* means a load facility which is subject to *dispatch* by the *IESO* and whose level is selected or set based on the price of *energy* in the *real-time market*;

**PART 5 – IESO BOARD DECISION RATIONALE**

Refer to MR-00380-R00