



Urgent Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.: MR-00214-R00	
Subject: Settlements	
Title: Bill 210 Consequential Market Rule Amendments	
Nature of proposal (please indicate with X): Alteration ___ Deletion ___ <u>X</u> Addition	
Chapter: 9	Appendix:
Sections: 1.2	
Sub-sections proposed for amending:	

PART 2 – PROPOSAL HISTORY

Issue	Reason for Issue	Issue Date
1.0	Draft submitted for Technical Panel Review	2 Dec 02
2.0	Submitted to Urgent Rule Amendment Committee for Approval	10 Dec 02
3.0	Approved by Urgent Rule Amendment Committee; ratified by IMO Board	13 Dec 2002

Approved Amendment *Publication* Date: 13 Dec 2002

Approved Amendment *Effective* Date: 13 Dec 2002

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

- The reason for the proposed amendment and the impact the *IMO-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 *IMO-administered markets*.

It is proposed to amend the market rules in order to be compliant with Bill 210 (An act to amend various Acts in respect of pricing, conservation and supply of electricity in respect of other matters related to electricity) and subsequent regulations.

Under the Bill 210 amendments to the Ontario Energy Board Act, 1998, and the subsequent regulations, the IMO is obligated to do the following with respect to settlement of the IMO-administered markets:

- Charge low-volume consumers and designated consumers that are wholesale market participants for electricity withdrawals at a fixed price of 4.3 cents/kWh specified in section 79.4(1) of the Ontario Energy Board Act, 1998 and potentially a fixed wholesale market charge that would be specified in a future regulation made under section 88.0.1 of the Ontario Energy Board Act, 1998.
- Charge other eligible consumers that are wholesale market participants a fixed price for real-time energy withdrawals and a fixed wholesale market charge as would be specified in a future regulation made under section 88.0.1 of the Ontario Energy Board Act, 1998.
- Charge distributors that are wholesale market participants a fixed energy price for real-time energy withdrawals and a fixed wholesale market charge as specified in regulation 342102 made under section 88.0.1 of the Ontario Energy Board Act, 1998.
- Make payments to low-volume consumers, designated consumers, other eligible consumers and distributors (section 79.2(1) of the Ontario Energy Board Act, 1998). These payments could include the \$75 and other regulated payments to consumers, as well as other regulated payments to distributors. These payments would be specified in regulations made under section 88.0.1 of the Ontario Energy Board Act, 1998.
- Credit or debit the Ontario Electricity Finance Corporation (OEFC) for any difference between real-time energy settlement amounts collected from low-volume consumers, designated consumers, other eligible consumers and distributors and the corresponding real-time energy settlement amounts paid out to market suppliers. These credits and debits would be specified in regulations made under section 88.0.1 of the Ontario Energy Board Act, 1998.

Also, under the Bill 210 amendments to the Ontario Energy Board Act, 1998, and the subsequent regulations, market participants (e.g. OEFC) could be obligated to make specified payments to the IMO. For example, OEFC is obligated under Regulation 341102 “Compensation and Set-Offs Under Part V of the Act” to make payment to the IMO equal to the amounts paid by the IMO to distributors as specified under the same regulation.

Bill 210 also introduced amendments to the Electricity Act, 1998 which place the following obligations on the IMO with respect to amending market rules:

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

- Provide an assessment to the Minister of Energy of the impact of any rule amendment on the interests of consumers price to consumers and the reliability and quality of electricity service to consumers (section 32(9) of the Electricity Act, 1998);
- Provide to the Minister of Energy a copy of any rule amendment plus additional information prescribed Regulation 343102 on or before the date the IMO publishes the amendment (sections 33(1.1) and (1.2) and sections 34(2.1) and (2.2) of the Electricity Act, 1998.

It is proposed to include these new obligations at a general, rather than at a specific, level as the implementation of the final legislation and regulations are still under development at this time. IMO processes and systems to implement these new obligations are still under development. Drafting specific market rules (e.g. detailing settlement equations and variables), consistent with the level of detail of the existing market rules, is not possible at this time. With the approval of the proposed, general rule amendments, the development and incorporation of more specific rule amendments can proceed through the general rule amendment and stakeholdering process once all the details to be prescribed by regulations are known.

These general rule amendments, if approved, will afford the IMO and market participants protection under the liability provisions of section 13 of chapter 1 of the market rules.

It is proposed to have these general amendments as a new subsection 1.2 of chapter 9 of the market rules.

Assessment of the impact of these rule amendments on the interests of consumers with respect to prices, reliability and quality of electricity service:

- These rules acknowledge the obligation of the IMO to conform to the legislative changes recently passed by the Ontario Government. This acknowledgment will have no impact on the interests of consumers with respect to prices, reliability or the quality of electricity service.

PART 4 – PROPOSED AMENDMENT

1.2. Regulated Settlement Amounts and Related Payment Charges

1.2.1 Notwithstanding any other provision within the *market rules*, the *IMO* shall determine *settlement amounts* and other payments as may be required under:

1.2.1.1 sections 79.1 to 79.5 and 79.14 of the *Ontario Energy Board Act, 1998*; and

1.2.1.2 any regulation made under section 88.0.1 of the *Ontario Energy Board Act, 1998*.

1.2.2 Notwithstanding any other provision within the *market rules*, the *IMO* shall collect from and remit to applicable *market participants* such *settlement amounts*, and shall do all other things and take all such actions as may be required under:

1.2.2.1 sections 32(9), 33(1.1) and (1.2) and 34(2.1) and (2.2) of the *Electricity Act, 1998*;

1.2.2.2 sections 79.1 to 79.5 and 79.14 of the *Ontario Energy Board Act, 1998*; and

1.2.2.3 any regulation made under section 88.0.1 of the *Ontario Energy Board Act, 1998*.

1.2.3 Notwithstanding any other provision within the *market rules*, *market participants* shall remit to the *IMO* such applicable *settlement amounts* and other payments as may be required under:

1.2.3.1 sections 79.1 to 79.5 and 79.14 of the *Ontario Energy Board Act, 1998*; and

1.2.3.2 any regulation made under section 88.0.1 of the *Ontario Energy Board Act, 1998*.

PART 5 – IMO BOARD COMMENTS