



Market Rule Amendment Submission

This form is used to request an amendment to, or clarification of, the *Market Rules*. Please complete the first four parts of this form and submit the completed form by email to the following:

Email Address: Rule.Amendments@ieso.ca

Attention: Market Rules Group

Subject: Market Rule Amendment Submission

All information submitted in this process will be used by the *IESO* solely in support of its obligations under the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, the *Market Rules* and associated policies, standards and procedures and its licence. All submitted information will be assigned the *confidentiality classification* of “Public” upon receipt. You should be aware that the *IESO* will *publish this amendment submission* if the *Technical Panel* determines it warrants consideration and may invite public comment.

Terms and acronyms used in this Form that are italicized have the meanings ascribed thereto in Chapter 11 of the *Market Rules*.

PART 1 – SUBMITTER’S INFORMATION

Please enter contact information in full.	
Name: <u>IESO Staff</u>	
(if applicable) <i>Market Participant / Metering Service Provider</i> No. ¹ : <u>N/A</u>	<i>Market Participant Class</i> : <u>N/A</u>
Telephone: <u>905-855-6128</u>	Fax: <u>n/a</u>
E-mail Address: rule.amendments@ieso.ca	

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: <u>Congestion Management Settlement Credits</u>	
Title: <u>Limiting Congestion Management Settlement Credits (CMSC) During Ramp-Down</u>	
Nature of Request (please indicate with x)	
<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion
<input checked="" type="checkbox"/> Addition	<input type="checkbox"/> Clarification
Chapter: <u>9</u>	Appendix: _____ Sections: _____
Sub-sections proposed for amending/clarifying: _____	

¹ This number is a maximum of 12 characters and does not include any spaces or underscore.

PART 3 – DESCRIPTION OF THE ISSUE

Provide a brief description of the issue and reason for the proposed amendment. If possible, provide a qualitative and quantitative assessment of the impacts of the issue on you and the *IESO-administered markets*. Include the Chapter and Section number of the relevant *market rules*.

Summary

The IESO proposes to amend the market rules to limit self-induced congestion management settlement credit (CMSC) payments to generators ramping down to come off-line.

This proposal is based on stakeholder consultations as part of SE-111: Review of Generation Guarantee Programs – Limiting CMSC During Ramp-Down.

Further information on SE-111 can be found on the IESO’s website at:

<http://www.ieso.ca/Pages/Participate/Stakeholder-Engagement/SE-111.aspx>

Background

In the Ontario market, in order to signal their desire to come off-line, generators must submit offer prices that exceed the shadow price at its connection node. Slow ramping generators cannot shut down immediately and ramping limitations are reflected in the unit’s ramp rate, submitted hourly along with its offer. When a generator decides to shut down a unit, they may strategically offer above their incremental ramp down fuel cost, up to the maximum market clearing price, to signal an intention to go off-line. If the generator has completed its minimum run time (MRT) they may offer at the price at which they are willing to continue operating. In either case, the offer price could be significantly higher than the market price, resulting on constrained-on CMSC payments.

On August 19, 2011 the Market Surveillance Panel (MSP) posted a monitoring document¹ to provide guidance to generators regarding offer prices for signaling an intention to come off-line, which has resulted in a substantial reduction in CMSC payments to generators. However, self-induced CMSC payments beyond what is required to recover ramp-down costs still occur and, without changes, are likely to persist in the future and at potentially higher amounts.

The MSP has recommended² that the IESO implement a permanent, rule based solution to eliminate self-induced CMSC payments to ramping down generators, and the IESO has committed to work with members of the generator community to find a solution to mitigate self-induced , ramp-down CMSC which:

- Provides flexibility for generators to effectively signal their desire to ramp-down; and
- Provides incentives for generators to operate efficiently.

¹ Link to “Monitoring Document: Generator Offer Prices Used to Signal an Intention to Come Offline”:
http://www.ontarioenergyboard.ca/OEB/Documents/MSP/MonitoringDocument_GeneratorOfferPrices_20110819.pdf

² MSP Report May 2012-Oct 2012 - Recommendation 3-1 (refer to pages 61-67)
http://www.ontarioenergyboard.ca/oeb/Documents/MSP/MSP_Report_May2012-Oct2012_20130621.pdf

