



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00420-R01		
Subject:	Capacity Exports & Settlements		
Title:	Capacity Exports		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input checked="" type="checkbox"/> Addition
Chapter:	9	Appendix:	N/A
Sections:	3.5.2, 3.5.11 (new), 4.8.2, 4.8.2.16, 4.8.2.18 (new), 4.7B.4A (new), 4.7D.8 (new)		
Sub-sections proposed for amending:			

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel Review	May 17, 2018
2.0	Draft for Technical Panel Review	June 19, 2018
3.0	Publish for Stakeholder Review and Comment	June 28, 2018
4.0	Submitted for Technical Panel Vote	August 7, 2018
5.0	Recommended by Technical Panel; Submitted for IESO Board Approval	August 14, 2018
6.0	Approved by IESO Board	August 29, 2018
Approved Amendment Publication Date:		August 30, 2018
Approved Amendment Effective Date:		Expected to be in November of 2018 upon the implementation of required market manual changes. The IESO will specify the effective date in a notice to all market participants.

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

The IESO proposes to amend the market rules to codify a framework for Ontario-based resources to export capacity, as approved by the IESO.

The IESO will continue to assess and determine the need for changes to the capacity exports framework in the future as a result of requirements arising from the Market Renewal Program (MRP) or from the IESO having entered into capacity export agreements with additional jurisdictions, if applicable.

Specifically, the R01 amendment will:

- Specify that called capacity exports will be ineligible for congestion management settlement credits (CMSC); and
- Specify instances when a capacity resource will be ineligible for a real-time generation cost guarantee (RT-GCG) and day-ahead production cost guarantee (DA-PCG) payment.

Further information can be found on the [Capacity Exports](#) stakeholder engagement webpage.

Background

Please refer to MR-00420-R00

Discussion

Chapter 9 – Congestion Management Settlement Credits (CMSC)

The IESO proposes to amend section 3.5 of Chapter 9 to specify that market participants will not be eligible for CMSC payments when an export bid is associated with a called capacity export.

- Amend section 3.5.2 to include a reference to new section 3.5.11.
- Insert section 3.5.11 to specify that market participants will not be eligible for any CMSC payments associated with an energy bid from a boundary entity for a called capacity export. The IESO may withhold or recover any such payments and redistribute the payments in accordance with section 4.8.2.

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- Insert section 4.8.2.18 to specify that any recovery of payments under section 3.5.11 will be distributed to market participants in accordance with section 4.8.2 (pro-rata basis across all allocated quantities of energy withdrawn).

Chapter 9 – Real-Time Generation Cost Guarantee Payments (RT-GCG) & Day-Ahead Production Cost Guarantee Payments (DA-PCG)

The IESO proposes to amend section 4.7 of Chapter 9 to specify when a capacity resource will be ineligible for RT-GCG and DA-PCG payments.

RT-GCG

- Insert section 4.7B.4A to specify that a RT-GCG shall not be paid when a generation facility has committed its capacity to an external control area and the following conditions are met:
 - Insert section 4.7B.4A.1 to specify that a RT-GCG will not be paid when the external control area operator has called the capacity export prior to being scheduled for the RT-GCG in accordance with the pre-dispatch scheduling provisions for the RT-GCG, section 5.7 of Chapter 7.
 - Insert section 4.7B.4A.2 to specify that a RT-GCG will not be paid if the external control area operator has called the capacity export after being scheduled for the RT-GCG and the IESO subsequently suffers an adequacy shortfall or there is a violation of a security limit on the IESO-controlled grid which requires the cutting of +MMCP exports on the interties. The IESO will maintain a called capacity export in this situation up to the level of output of the backing generator.
 - Specify that the IESO may withhold or recover any such payments and redistribute the payments in accordance with section 4.8.2.
- Specify in section 4.8.2.16 that any recovery of payments under section 4.7B.4A will be distributed to market participants in accordance with section 4.8.2 (pro-rata basis across all allocated quantities of energy withdrawn).

DA-PCG

- Insert section 4.7D.8 to specify that a DA-PCG shall not be paid when a generation facility has committed its capacity to an external control area and the following conditions are met:
 - Insert section 4.7D.8.1 to specify that a DA-PCG will not be paid when the external control area operator has called the capacity export prior to being scheduled for the DA-PCG in accordance with the day-ahead commitment scheduling process, section 5.8 of Chapter 7.
 - Insert section 4.7D.8.2 to specify that a DA-PCG will not be paid if the external control area operator has called the capacity export after being scheduled for the DA-PCG and the IESO subsequently suffers an adequacy shortfall or there is a violation of a security limit on the IESO-controlled grid which requires the cutting of +MMCP exports on the interties. The IESO will maintain a called capacity export in this

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- situation up to the level of output of the backing generator.
- Specify that the IESO may withhold or recover any such payments and redistribute the payments in accordance with section 4.8.2.
 - Specify in section 4.8.2.16 that any recovery of payments under section 4.7D.8 will be distributed to market participants in accordance with section 4.8.2 (pro-rata basis across all allocated quantities of energy withdrawn).

PART 4 – PROPOSED AMENDMENT**Chapter 9**

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3.5 Hourly Settlement Amounts for Congestion Management

3.5.2 Subject to sections 3.5.1A, 3.5.1D, 3.5.1E, 3.5.1F, 3.5.1G, 3.5.6, 3.5.6A, 3.5.6B, 3.5.6C, 3.5.6D, 3.5.6F, 3.5.9, ~~and~~ 3.5.10 and 3.5.11 and subject to Appendix 7.6 of Chapter 7, the hourly congestion management *settlement* credit for *market participant* ‘k’ for *settlement hour* ‘h’ (“CMSC_{k,h}”) shall be determined by the following equation:

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- 3.5.8 Notwithstanding any other provision in the *market rules*, a *market participant* shall not be eligible for any congestion management *settlement* credit payments for a wheeling through transaction where the *market participant* effects the transaction by linking an *energy offer* and *energy bid* under section 3.5.8.2 of Chapter 7.
- 3.5.9 The *IESO* may limit, withhold or recover any congestion management *settlement* credits or ramp-down *settlement* amounts that result from the acceptance by the *IESO* of the replacement *energy* referred to in section 3.3.4C of Chapter 7 and shall redistribute any recovered payments in accordance with section 4.8.2. Any applicable congestion management *settlement* credits or ramp-down *settlement* amounts for replacement *energy* accepted by the *IESO* shall be limited as set out in the applicable *market manual* to an *IESO* estimate of what would have been received by the original *facility* had it not experienced the *forced outage*.
- 3.5.10 In accordance with the applicable *market manual*, a *market participant* shall not

be entitled to any congestion management *settlement* credits determined in accordance with section 3.5.2 and attributable to a *constrained off event* associated with an *energy* offer or an *energy* bid from a *boundary entity* for an injection into or withdrawal from the *IESO-controlled grid*, where the *constrained off event* appears in the *pre-dispatch schedule* identified in section 6.1.3 of Chapter 7. In this case, the *IESO* may withhold or recover such congestion management *settlement* credits and shall redistribute any recovered payments in accordance with section 4.8.2.

3.5.11 A market participant shall not be eligible for any congestion management settlement credit payments in respect of an energy bid from a boundary entity for a called capacity export. The IESO may withhold or recover any congestion management settlement credits paid in respect of called capacity exports and shall redistribute any recovered payments in accordance with section 4.8.2.

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:

- 4.8.2.1 any compensation received by the *IESO* for the provision of *emergency energy* pursuant to section 4.4A.1 of Chapter 5;
- 4.8.2.2 any compensation received by the *IESO* as a result of a local market power investigation as set out in sections 1.7.1 and 1.7.2 of Appendix 7.6;

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4.8.2.15 any recovery of payments made by the *IESO* under section 3.5.10;

4.8.2.16 any recovery of payments made by the *IESO* under sections 4.7B.4A, 4.7D.7 or 4.7D.8; ~~and~~

4.8.2.17 any recovery of payments made by the *IESO* under section 3.5.7A; and;

4.8.2.18 any recovery of payments made by the IESO under section 3.5.11.

4.7B Real-Time Generation Cost Guarantee Payments

4.7B.4 A *real-time* generation cost guarantee shall not be paid for a *generation unit* with respect to costs incurred or revenues accrued by that *generation unit* for which a day-ahead production cost guarantee applies under section 4.7D.

4.7B.4A A real-time generation cost guarantee shall not be paid where a *generation unit* has committed its *capacity* to an external *control area* and:

4.7B.4A.1 the external *control area operator* has called a *called capacity export* prior to the *generation unit* being scheduled for the real-time generation cost guarantee in accordance with section 5.7 of Chapter 7; or

4.7B.4A.2 the external *control area operator* has called a *called capacity export* after the *generation unit* has been scheduled for the real-time generation cost guarantee in accordance with section 5.7 of Chapter 7 and the IESO is restricting other transactions on *interconnected systems* in accordance with section 2.3 and 5.7 of Chapter 5, while maintaining the *called capacity export* transaction.

The IESO may withhold or recover such payments made in respect of the *generation unit* and shall redistribute any recovered payments in accordance with section 4.8.2.

4.7D Day-Ahead Production Cost Guarantee Payments

4.7D.7 A *generation unit* shall not be eligible for additional payments determined in accordance with section 4.7D.6 when:

- the *generation unit*'s online status in Day-1, HE24 is attributed to any *pre-dispatch schedule* other than a *schedule of record*; and
- the *generation unit* receives a Variant 3 type *schedule of record* beginning in Day 0, HE1 pursuant to section 4.7D.2.c for the purpose of ramping

down the *generation unit* to offline status; and

- the *generation unit* would have otherwise not been economic in HE1 of Day 0.

The *IESO* may withhold or recover such payments made in respect of the *generation unit* and shall redistribute any recovered payments in accordance with section 4.8.2.

4.7D.8 A day-ahead production cost guarantee shall not be paid where a *generation unit* has committed its capacity to an external *control area* and:

4.7D.8.1 the external *control area operator* has called a *called capacity export* prior to the *generation unit* being scheduled for the day-ahead production cost guarantee in accordance with section 5.8 of Chapter 7; or

4.7D.8.2 the external *control area operator* has called a *called capacity export* after the *generation unit* has been scheduled for the day-ahead production cost guarantee in accordance with section 5.8 of Chapter 7 and the *IESO* is restricting other transactions on *interconnected systems* in accordance with section 2.3 and 5.7 of Chapter 5, while maintaining the *called capacity export* transaction.

The *IESO* may withhold or recover such payments made in respect of the *generation unit* and shall redistribute any recovered payments in accordance with section 4.8.2.

PART 5 – IESO BOARD DECISION RATIONALE

The amendments codify a framework for Ontario-based resources to export capacity, as approved by the IESO.

This amendment (R01) will specify that called capacity exports will be ineligible for congestion management settlement credits and specify instances when a capacity resource will be ineligible for a RT-GCG and DA-PCG payment.