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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

|                                     |  |                                   |  |
|-------------------------------------|--|-----------------------------------|--|
| Identification No.:                 | MR-00431   |                                   |  |
| Subject:                            | Disconnection Orders   |                                   |  |
| Title:                              | Market Rules True-Up - Disconnection Orders  |                                   |  |
| Nature of Proposal:                 | <input checked="" type="checkbox"/> Alteration   | <input type="checkbox"/> Deletion | <input checked="" type="checkbox"/> Addition |
| Chapter:                            | 3, 4 & 11  | Appendix:                         | N/A  |
| Sections:                           | Chapter 3 sections 6.3A, 6.4, 6.5, 6.5A (new) & Chapter 4 sections 6.3, 6.4, 6.5, Chapter 11 definitions |                                   |  |
| Sub-sections proposed for amending: | Various  |                                   |  |

### PART 2 – PROPOSAL HISTORY

| Version                              | Reason for Issuing                         | Version Date       |
|--------------------------------------|--|--------------------|
| 1.0                                  | Draft for Technical Panel Review           | June 20, 2017      |
| 2.0                                  | Draft for Technical Panel Review           | August 8, 2017     |
| 3.0                                  | Publish for Stakeholder Review and Comment | August 17, 2017    |
| 4.0                                  | Submitted for Technical Panel Vote         | September 19, 2017 |
|                                      |  |                    |
|                                      |  |                    |
|                                      |  |                    |
| Approved Amendment Publication Date: |  |                    |
| Approved Amendment Effective Date:   |  |                    |

**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 explicitly identify the obligation of transmitters, distributors and other market participants to comply with disconnection orders issued by the IESO to give effect to a suspension order, termination order or an IESO ordered de-registration of a market participant's facilities due to persistent breaches of the market rules.

In addition, the IESO proposes to amend references to disconnection orders within the grid connection requirements of the market rules in order to create consistency regarding the types of market participants to whom the IESO may issue a disconnection order.

**Background**

Refer to MR-00431-Q00.

**Discussion**

Chapter 3 section 6 details how the IESO will monitor, assess and enforce compliance with the market rules, which can include the use of suspension orders, termination orders and disconnection orders. In the context of Chapter 3, a market participant may be issued a disconnection order if they have been issued a suspension order, termination order or if the IESO de-registers a facility due to persistent breaches of the market rules. In each of those circumstances, section 6 of Chapter 3 grants authority to the IESO to issue disconnection orders to a transmitter, distributor or other market participant.

Chapter 3Section 6.5A (new) Disconnection Order

It is proposed to introduce new section 6.5A of Chapter 3 to explicitly identify the obligation of transmitters, distributors and other market participants to comply with disconnection orders issued by the IESO:

- Insert section 6.5A.1 to specify that transmitters, distributors and other market participants (such as a wholesale customer) that are issued a disconnection order by the IESO to give effect to a suspension order (section 6.3A.4.3), termination order (section 6.4.3) or IESO ordered de-registration of a market participant's facilities due to persistent breaches of the market rules (section 6.5.3), must disconnect the facilities and equipment that have been identified in the disconnection order.
  - “Other market participants” are generators or loads that have either an embedded generator or load connected underneath their facility. Currently the “other market participant” subset only includes 9 facilities in Ontario.

### PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

- Insert section 6.5A.2 to specify that no disconnection order issued pursuant to section 6.5A is intended to prevent transmitters, distributors or other market participants from ensuring the safety of any person, preventing the damage of equipment, or preventing the violation of any applicable law (SEAL). Transmitters, distributors and other market participants should coordinate any such actions with the IESO to fullest extent possible.
- Insert section 6.5A.3 to specify that the IESO may issue a disconnection order pursuant to section 6.5A by voice communication. Voice communication will only be used (if necessary) to issue a disconnection order, pursuant to sections 6.3A, 6.4.3 or 6.5.3, after the process to issue such disconnection orders has been completed. The process outlined in sections 6.2A and 6.3 of Chapter 3 detail the process required to issue a disconnection order for an event of default or for persistent breaches of the market rules. This process will be followed prior to the IESO issuing a disconnection order via voice communication.

#### Chapter 4 – Grid Connection Requirements

In order to create consistency in the market rules regarding the types of market participants to whom the IESO may issue a disconnection order, it is proposed to include “or other market participant” to only those instances where the market rules allow the IESO to issue disconnection orders to transmitters or distributors in the following sections:

- Chapter 4 sections 6.3, 6.4 and 6.5 - disconnection orders related to emergency or reliability reasons.

#### Transmitter Exception

There are instances in section 2.4 of Chapter 7, and sections 6.3, 6.4 and 6.5 of Chapter 4 of the market rules where only a transmitter, in their role as transmission system operator, may be issued a disconnection order from the IESO. In these sections, the IESO is not proposing any amendments, as these sections are applicable to transmitters only.

#### Chapter 11 - Definitions of “disconnection order” and “disconnect”

Consequential to the above changes, it is proposed to amend the definitions of both “disconnection order” and “disconnect” to include circumstances in which the IESO may issue a disconnection order to a “host” market participant to disconnect a facility embedded within or behind its facility. Furthermore, it is proposed to amend the definition of “disconnection order” to add clarity related to whom the IESO may issue a disconnection order. Specifically the IESO may issue a disconnection order to any one of, or a combination of, a transmitter, distributor or other market participant.

#### “And/Or” Clean Up

In order to simplify the language and clarify the market rules being amended, the IESO proposes to eliminate the use of “and/or.” As noted above, the proposed edits to the definition of “disconnection order” which specifies that a disconnection order may be issued by the IESO to any one of, or a combination of, a transmitter, distributor or other market participant make the use of “and/or” unnecessary.

**PART 3 – EXPLANATION FOR PROPOSED AMENDMENT**

The IESO has amended the use of “and/or” in the following sections by using only the required conjunction (either “and” or “or”) to properly convey the intent:

- Chapter 3 sections 6.3A.2, 6.3A.4.3, 6.4.2, 6.4.3, 6.5.3; and
- Chapter 4 sections 6.3.2, 6.3.3, 6.4.1.2, 6.4.2, 6.5.1, 6.5.1.1, 6.5.1.2, 6.5.2 and 6.5.3.

**PART 4 – PROPOSED AMENDMENT****Chapter 3****6.3A Suspension of a Market Participant**

- 6.3A.1 The *IESO* may issue a *suspension order* to a *market participant* if:
- 6.3A.1.1 the *market participant* has not remedied an *event of default* within the time specified in the *notice of intent to suspend*;
  - 6.3A.1.2 an *event of default* specified in sections 6.3.1.5 to 6.3.1.10 has occurred in relation to the *market participant*; or
  - 6.3A.1.3 the *IESO* has determined under section 6.2A that a *suspension order* should be issued because the *market participant* has persistently breached the *market rules*.
- 6.3A.2 The *IESO* shall *publish* the details of the *suspension order* and provide a copy of the *suspension order* to the *OEB* and the *transmitter, distributor and/or* other *market participant* to whose *facilities* the suspended *market participant* is connected.
- 6.3A.3 To the extent specified in the *suspension order*, a *suspended market participant* is ineligible to trade or enter into any transaction in the *IESO-administered markets* or to cause or permit electricity to be conveyed into, through or out of the *IESO-controlled grid*.
- 6.3A.4 The *IESO* may do one or more of the following to give effect to a *suspension order*:
- 6.3A.4.1 reject any *bid, offer, TR bid* or *TR offer* submitted by the *suspended market participant*;
  - 6.3A.4.2 set-off any amounts otherwise due to the *suspended market participant* against any amounts owed by the *suspended market participant* under the *market rules*;

- 6.3A.4.3 issue a *disconnection order* to the *transmitter, distributor and/or other market participant* to whose *facilities* the *suspended market participant's facilities* are connected and provide a copy to the *OEB*; or
- 6.3A.4.4 make such further order or issue such directions to the *suspended market participant* as the *IESO* determines appropriate.
- 6.3A.5 The *IESO* shall lift a *suspension order* if the *event of default* which triggered its issuance is remedied to the satisfaction of the *IESO* and there are no other *events of default* in existence with respect to the *suspended market participant*.
- 6.3A.6 Notwithstanding that the *suspension order* has been lifted, the *IESO* may impose any condition on the right of a *market participant* that has been subject of a *suspension order* to participate in the *IESO-administered markets* or to cause or permit electricity to be conveyed into, through or out of the *IESO-controlled grid* that the *IESO* determines are appropriate, including the conditions noted in sections 6.3.7.1 to 6.3.7.3.

## 6.4 Termination of a Market Participant

- 6.4.1 The *IESO* may issue a *termination order* to a *market participant* if:
- 6.4.1.1 the *market participant* is a *suspended market participant* and has not remedied the *event of default* that triggered the *suspension order* within 5 *business days* of the issuance of the *suspension order*;
- 6.4.1.2 the *market participant* is a *suspended market participant* and has notified the *IESO* that the *market participant* is not likely to remedy the *event of default* that triggered the issuance of the *suspension order*;
- 6.4.1.3 the *market participant* has been wound up, dissolved, or otherwise has ceased to exist; or
- 6.4.1.4 the *IESO* has determined under section 6.2A that a *termination order* should be issued because the *market participant* has persistently breached the *market rules*.
- 6.4.2 The *IESO* shall *publish* the details of the *termination order* and provide a copy of the *termination order* to the *OEB* and to the *transmitter, distributor and/or other market participant* to whose *facilities* the *terminated market participant's facilities* are connected.
- 6.4.3 When the *IESO* issues a *termination order*, it may at the same time, if it has not already done so, issue a *disconnection order* to the *transmitter, distributor and/or other market participant* to whose *facilities* the *terminated market participant's facilities* are connected and provide a copy to the *OEB*.

6.4.4 A *terminated market participant* that re-applies for authorization shall be required to comply with the provisions of section 3 of Chapter 2. The *IESO* may impose any conditions on the right of the *terminated market participant* to participate in the *IESO-administered markets* or to cause or permit electricity to be conveyed into, through or out of the *IESO-controlled grid* that the *IESO* determines are appropriate, including the conditions noted in sections 6.3.7.1 to 6.3.7.3.

## 6.5 De-Registration of a Market Participant's Facilities

- 6.5.1 The *IESO* may deregister some or all of a *market participant's registered facilities* if the *IESO* has determined under section 6.2A that the *market participant* has persistently breached the *market rules*.
- 6.5.2 Deregistering some or all of a *market participant's registered facilities* terminates all of the rights of the *market participant* in respect of those *registered facilities* to participate in the *IESO-administered markets* or in respect of those *registered facilities* to cause or permit electricity to be conveyed into, through or out of the *IESO-controlled grid* in respect of those *registered facilities*.
- 6.5.3 If the *IESO* deregisters some or all of a *market participant's registered facilities*, it may at the same time issue a *disconnection order* to the relevant *transmitter, distributor and/or other market participant* to whose *facilities* the *market participant's facilities* which is subject of the deregistration are connected and provide a copy to the *OEB*.
- 6.5.4 A *market participant* that wishes to re-register *registered facilities* that have been deregistered shall comply with the provisions of section 2 of Chapter 7. The *IESO* may impose any conditions on right of the *market participant* to participate in the *IESO-administered markets* or to cause or permit electricity to be conveyed into, through or out of the *IESO-controlled grid* that the *IESO* determines are appropriate, including the conditions noted in sections 6.3.7.1 to 6.3.7.3.

### 6.5A Disconnection Order

- 6.5A.1 Each transmitter, distributor and other market participant to whom a disconnection order is issued pursuant to sections 6.3A.4.3, 6.4.3 or 6.5.3 shall, subject to this section 6.5A, on the date and at the time specified in the disconnection order, disconnect the facilities or equipment referred to in the disconnection order.
- 6.5A.2 Nothing in this section 6.5A is intended to prevent a transmitter, distributor or other market participant from taking action to ensure the safety of any person, prevent the damage of equipment, or prevent the violation of any applicable law; provided, however, that such transmitter, distributor or other market participant shall coordinate to the fullest extent practicable any such action with the IESO.

6.5A.3 Without limiting the generality of section 8.3 of Chapter 1, a *disconnection order* may be issued by the IESO to a *transmitter, distributor or other market participant* pursuant to sections 6.3A.4.3, 6.4.3 or 6.5.3 by voice communication.

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## Chapter 4

### 6.3 **Disconnection by Transmitter, ~~or~~ Distributor or Market Participant**

6.3.1 A *transmitter* may *disconnect* from the *IESO-controlled grid* the *facilities* or equipment of a *market participant* in accordance with the *market rules* and *applicable law*.

6.3.1.1 [Intentionally left blank]

6.3.1.2 [Intentionally left blank]

6.3.1.3 [Intentionally left blank]

6.3.1A Subject to section 6.4.3, a *transmitter* shall notify the *IESO* prior to *disconnecting* from the *IESO-controlled grid* the *facilities* or equipment of a *market participant* for any reason other than in response to a *disconnection order*.

6.3.2 Each *transmitter* ~~and~~, *distributor* and other market participant to whom a *disconnection order* is issued pursuant to section 6.4 shall, subject only to section 3.4.1.5 or 3.7.1.5 of Chapter 5, as the case may be, on the date and at the time specified in the *disconnection order*, *disconnect* the *facilities* or equipment referred to in the *disconnection order*.

6.3.3 Without limiting the generality of section 8.3 of Chapter 1, a *disconnection order* may be issued by the *IESO* to a *transmitter* ~~or a~~, *distributor* or other market participant pursuant to section 6.4 by voice communication.

### 6.4 **Disconnection During an Emergency or For Safety or Reliability Reasons**

6.4.1 During an *emergency*, the *IESO* may:

6.4.1.1 direct a connected *market participant* to reduce the power transferred at the *connection point* to zero in an orderly manner; and

6.4.1.2 issue a *disconnection order* to a *transmitter* ~~or a~~, *distributor* or other market participant directing ~~the such~~ *transmitter* ~~or~~, *distributor* or

other market participant to *disconnect* a person's *facilities* or equipment from the *IESO-controlled grid*, its *transmission system* ~~or~~, its *distribution system* or from a host market participant, as the case may be.

- 6.4.2 Where the *IESO* becomes aware of a threat to the safety of any person, damage to equipment, or the environment or to the *reliability* of the *integrated power system* that requires urgent action, the *IESO* may issue a *disconnection order* directing the relevant *transmitter* ~~or~~, *distributor* or other market participant to *disconnect* a person's *facilities* or equipment from the *IESO-controlled grid*, its *transmission system* ~~or~~, its *distribution system* or from a host market participant, as the case may be.
- 6.4.2A Where the *IESO* becomes aware that a person has *connected facilities* or equipment to the *IESO-controlled grid*:
- 6.4.2A.1 without the approval of the *IESO* including, where applicable, but not limited to the approval referred to in section 6.1.22;
- 6.4.2A.2 in a manner that does not comply with the requirements of the *market rules* or *applicable law*;
- 6.4.2A.3 in a manner that does not comply with the requirements identified in a *connection assessment* associated with that person's *facilities* or equipment; or
- 6.4.2A.4 where applicable, in a manner other than that determined satisfactory by the *IESO* pursuant to section 6.1.7 or 6.1.23,
- the *IESO* may issue a *disconnection order* directing the relevant *transmitter* to *disconnect* the person's *facilities* or equipment from the *IESO-controlled grid*.
- 6.4.2B Where the *IESO* becomes aware that a *generator* has synchronized a *generation unit* to the *IESO-controlled grid* other than in accordance with section 11.2 of Chapter 7, the *IESO* may issue a *disconnection order* directing the relevant *transmitter* to *disconnect* the *generation unit* from the *IESO-controlled grid*.
- 6.4.3 A *transmitter* may, in accordance with the provisions of its *licence*, any code issued by the *OEB* with which the *transmitter* is required to comply, or the *market rules*, immediately *disconnect* from the *IESO-controlled grid* the *facilities* or equipment of a person where:
- 6.4.3.1 such action is urgently required to ensure the safety of any person, prevent the damage of equipment, or the environment;
- 6.4.3.2 the urgency is such that there is insufficient time to notify the *IESO* prior to such action being taken; and
- 6.4.3.3 the *transmitter* is the operator of the connection facility.



A transmitter that *disconnects* a person's facilities or equipment pursuant to this section 6.4.3 shall promptly inform the IESO that such action has been taken.

## 6.5 Obligation to Reconnect After Disconnection

- 6.5.1 A transmitter ~~or~~, distributor or other market participant to whom a *disconnection order* was issued pursuant to section 6.4 shall, in accordance with the direction referred to in section 6.5.2, reconnect the relevant *facilities* or equipment to the IESO-controlled grid, its *transmission system* ~~or~~, its *distribution system* or to the host market participant, as the case may be, once:
- 6.5.1.1 the transmitter ~~or~~, distributor or other market participant, as the case may be, and the IESO are satisfied that the *emergency* which prompted the *disconnection* no longer exists; or
- 6.5.1.2 where the *disconnection* occurred for reasons other than an *emergency*, the transmitter ~~or~~, distributor or other market participant, as the case may be, and the IESO are satisfied that the reason for the *disconnection* no longer exists.
- 6.5.2 A transmitter ~~or~~, distributor or other market participant to whom a *disconnection order* was issued pursuant to section 6.4 may reconnect the relevant *facilities* and equipment only under direction from the IESO, provided that the person whose *facilities* or equipment were *disconnected* has carried out any **required** demonstration **required referred to in** pursuant to section 6.5.3 to the reasonable satisfaction of the transmitter ~~or~~, the distributor or other market participant, as the case may be, and the IESO.
- 6.5.3 Prior to reconnection, the transmitter ~~or~~, distributor or other market participant, as the case may be, or the IESO may require ~~that~~ the person whose *facilities* or equipment were *disconnected* to demonstrate that it has taken all necessary steps to prevent the recurrence of any event that prompted the *disconnection* that was within the control of the person.
- 6.5.3A A transmitter that has *disconnected* from the IESO-controlled grid the *facilities* or equipment of a person in circumstances other than where it has received from the IESO a *disconnection order* directing it to do so shall inform the IESO prior to reconnecting such *facilities* or equipment.
- .....

## Chapter 11

*disconnect* means to separate *facilities* or equipment from the IESO-controlled grid, a *transmission system*~~, or~~ a *distribution system*~~, or~~ from a host market

participant, as the case may be, and, in the case of a *distributor* that is *connected* to the *IESO-controlled grid* by distribution assets owned by a person other than the *distributor* that have been deemed by the *OEB* to be transmission assets, to separate the *distributor* from those assets;

*disconnection order* means an order issued by the *IESO* to any one of, or a combination of, a transmitter, ~~or~~ a distributor or other market participant, directing ~~the such~~ transmitter, ~~or~~ distributor or other market participant, as ~~the applicable~~ ease may be, to *disconnect* ~~specified~~ facilities or equipment specified within such order;

**PART 5 – IESO BOARD DECISION RATIONALE**

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