



Market Rule Amendment Written Submission

This form is used to provide comment on a *market rule* amendment under consideration by the *IESO*. Please complete all four sections of this form and submit the completed form by email or fax to the following:

Email Address: Rule.Amendments@ieso.ca
 Fax No.: (416) 506-2847 **Attention: Market Rules Group**
Subject: Market Rule Written 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* intends to *publish* this written submission.

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 your organization and contact information in full.

Name: Bruce Bleiweis, Director – Market Affairs

(if applicable) *Market Participant /
 Metering Service Provider* No.¹: _____

Market Participant Class:
Financial Industry

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PART 2 – MARKET RULE AMENDMENT REFERENCE

Type of Rule Amendment Being Commented on (please indicate with x):

X Amendment Proposed Rule Amendment Recommended Rule Amendment Submission

MR Number: MR-00370 Limiting CMSC Payments for Exports and Dispatchable Loads

This *Market Rule* number is located on the “Current Market Rule Amendment” web page.

Date Relevant *Amendment Submission*, Proposed or Recommended Rule Amendment Posted for Comment: July 7, 2010

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

PART 3 – COMMENTS ON RULE AMENDMENT

Provide your comments.

DC Energy respectfully requests the IESO re-consider this amendment for the reasons noted below.

DC Energy believes that pricing efficiency will be harmed by the proposed CMSC limitation. All bids should be equally treated and one bid should not be treated differently simply because it is below - \$50/MWh. One can imagine a scenario where a neighboring ISO might have -\$60/MWh pricing. In the absence of this amendment, the market participant might bid -\$70/MWh into the IESO, knowing that if the bid is taken, they will be able to earn \$10/MWh for exporting energy from IESO (i.e., \$70/MWh payment from IESO, and \$60/MWh payment to the neighboring ISO). In the presence of this amendment, the market participant has no incentive to bid into the IESO market, as the most compensation it can receive from the IESO is \$50/MWh and a payment of \$60/MWh will be required to offer power into the neighboring ISO. If the system is constrained and negative bids are needed to satisfy the power demand balance, the IESO rules should provide these participants with the same treatment as positively priced bids – or else the IESO may have difficulty achieving an efficient market solution (which could in turn compromise system reliability).

While DC Energy only recently began participating in the energy market administered by the IESO, it has been an active market participant in all of the LMP ISO/RTO markets in the United States for many years. As such, DC Energy is familiar with the rules of these other ISO/RTO markets. Uniformly, participants who are called on “out of market” are entitled to receive compensation based on their offers/bids, based on the simple principles of market fairness and economic efficiency – and we encourage IESO to maintain this standard. As a final point, when similar compensation mechanisms are in place among contiguous markets, it ensures that the most efficient and reliable dispatch across the entire integrated system can result.

In summary, the principles of market efficiency, reliability and equity should guide the IESO in maintaining the status quo.

PART 4 – EXTERNAL CONSULTATION MEETING

If you believe that a special meeting of stakeholders would be necessary/desirable to discuss the issues raised by the rule amendment, please complete the following information:

External Stakeholdering meeting necessary/desirable (please indicate with x):

Reason(s) why you believe a meeting is necessary/desirable:

