

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 *IMO-administered markets*. Include the Chapter and Section number of the relevant market rules.

In the summer of 2003, the Spare Generation On-Line (SGOL) program was introduced into the IMO-administered markets (reference MR-00235). This mechanism offers a guarantee of start-up and minimum generation costs to eligible generators. Generators have been using the SGOL program with increasing frequency since its introduction, to the point now where it used almost every day for a number of different generation facilities.

In order for a generation facility to be eligible for the SGOL guarantee of costs, one of the criteria that it must meet is that once it is synchronized to the IMO-controlled grid, it operates at its minimum loading point for at least its minimum run-time.

The current market rules definition of minimum run-time is:

“minimum run-time means the time period specified by the market participant, for which a generation facility having reached its minimum loading point must run in accordance with the technical requirements of the facility”.

These minimum run-times are typically in the order of 4 to 8 hours, depending on the facility technology and conditions.

In order to determine if the generation facility has met the above eligibility criteria, the IMO must:

- Identify when the applicable facility is synchronized;
- Identify when the applicable facility reaches its minimum loading point; and
- Determine that the applicable facility output is at least at its minimum loading point for its minimum run-time.

The IMO currently uses a mix of manual and automated processes to make these determinations and the frequency and the number of facilities using the SGOL program are overwhelming the entire process. The IMO believes that fully automating the eligibility verification process will increase the efficiency of administering this program.

In its development of the changes necessary to achieve this automation, the IMO has identified that a change to the definition of minimum run-time would simplify the verification process and reduce the cost and time required to automate the administration of the SGOL program. The change would be to define minimum run-time as:

“the time period specified by the market participant, for which a generation facility, having synchronized to the IMO-controlled grid, must run in accordance with the technical requirements of the facility”.

That is, the minimum run-time would include the time required for the generation facility to reach minimum loading point from synchronization.

This change would allow the IMO to use a single discrete event (i.e. the closing of the breaker when the facility synchronizes to the IMO-controlled grid) that is already automatically monitored and recorded in order to initiate the measurement of minimum run-time.

The suggested change does place the onus on the market participant to estimate and “fix” the time required to go from synchronization to minimum loading point and include that time in its specification

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of the facility minimum run-time. In discussions with the generators that use the SGOL mechanism, the IMO has learned that such a change would not be an issue for those participants. For most facilities using the SGOL mechanism, the time from synchronization to minimum loading point is fairly predictable and constant.

There is expected to be minimal impact to the rest of the market in terms of the cost of the guarantees provided. The guarantee as currently defined, and as would continue, is for specified costs incurred during the time from facility synchronization to the end of its minimum run-time. Provided that the generator market participant accurately estimates the time between facility synchronization and achieving its minimum loading point, the guarantee payments should not change. The IMO's existing authorities (chapter 7 section 2.2B.2) to audit the minimum run-time information submitted by a market participant and to recover any guarantee over-payment resulting from inaccurate minimum run-times provides a means to determine market participant compliance in this regard.

PART 4 – PROPOSAL (BY SUBMITTER)

Provide your proposed amendment. If possible, provide suggested wording of proposed amendment.

Amend the definition of minimum run-time as follows:

minimum run-time means the time period specified by the *market participant*, for which a *generation facility* having ~~reached its minimum loading point~~ synchronized to the IMO-controlled grid must run in accordance with the technical requirements of the *facility*

PART 5 – FOR IMO USE ONLY

Technical Panel Decision on Rule Amendment Submission	
MR number: MR-00260-Q00	
Date submitted to Technical Panel: 28 Apr 2004	
Accepted by Technical Panel as: <input checked="" type="checkbox"/> General <input type="checkbox"/> Urgent <input type="checkbox"/> Minor (please indicate with X)	Date: 4 May 2004
Criteria for acceptance: It identifies ways to simplify the market and/or reduce participant or IMO costs. The suggested change to the definition of minimum run-time would reduce the IMO costs to automate the administration of the SGOL program. Such automation is necessary due to the frequency with which market participants are utilizing the SGOL program and the resulting unexpectedly high level of IMO manual effort required to administer this program.	
Priority: Medium	
Criteria for assigning priority: <ul style="list-style-type: none"> • Pervasiveness of Problem: the issue relates to a subset of the generator market participants, but to a large number of generation facilities; • Technical Feasibility and Practical Consequences: the proposed change has been discussed with the affected market participants and appears to be acceptable. 	
Not accepted (please indicate with X):	
Clarification/interpretation required (please indicate with X):	
Technical Panel minutes reference: IMOTP 142-1	
Technical Panel Comments:	