



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 or fax to the following:

Email Address: Rule.Amendments@theIMO.com

Fax No.: (416) 506-2847 Attention: Market Rules Group

Subject: *Market Rule Amendment Submission*

All information submitted in this process will be used by the *IMO* 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 *IMO* 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: IMO Staff	
(if applicable) <i>Market Participant / Metering Service Provider No.</i> ¹ :	<i>Market Participant Class:</i>
Telephone: (416) 506-2801	Fax: (416) 506-2847
Email Address:	

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: Transmission Rights		
Title: Transmission Rights Market Rules – Participation Requirements & TR Auction Periods		
Nature of request (please indicate with X): <input checked="" type="checkbox"/> Alteration <input type="checkbox"/> Deletion <input type="checkbox"/> Addition		
Clarification		
Chapter: 8	Appendix:	Sections:4.8.3, 4.11.4
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 *IMO-administered markets*. Include the Chapter and Section number of the relevant market rules.

Participation Requirements

The market rules in chapter 8 section 4.8.3 articulate that “no person may participate in a round of a TR auction unless that person has been authorized by the IMO as a TR participant at least thirty days prior to the date on which the round of the TR auction is to be conducted.” The rule was originally written in advance of the market. At that time there was no IMO registration process in place and it was also unknown what Ontario Securities Commission (OSC) requirements might be placed on a Transmission Rights (TR) participant. The thirty day time period was included to ensure the IMO sufficient time to make any required checks that may have been imposed by the OSC.

To participate in the TR market a market participant must sign a Participation Agreement with the IMO. One of the obligations for market participants contained within this agreement is for them to self-declare that they are an OSC accredited investor. Therefore, there is no need for the IMO to make checks that may have been imposed by the OSC. Thus the thirty-day provision in the rules adds no value to the IMO-administered market and it unnecessarily delays the entry of qualified applicants into the TR markets.

Transmission Rights Auction Process

The market rules in chapter 8 section 4.11.4 states that “if the IMO cannot, by reason of software inadequacies, implement the fourth and any subsequent long-term auction so as to offer transmission rights having varying periods of validity in excess of one month, the IMO shall continue to conduct sub-auctions in the manner described in section 4.11.2 until such time as the software inadequacies have been rectified.”

Future TR software development required to make this possible is being assessed as part of the larger Market Development / Market Evolution Program (MEP). The IMO believes it not appropriate in advance of this assessment to develop the software capability to meet the obligations under section 4.11.3 at this time. Further, the IMO has received no requests from TR participants to make implementation of the software required to meet the requirements of section 4.11.3 a priority.

In absence of the above functionality the market rules currently require any unsold long-term transmission rights from the yearly product to be offered in a series of sub auctions as a monthly product, in accordance with section 4.11.2. The IMO’s experience to date in operating the TR market is that virtually all TRs offered as a yearly product were awarded at each long-term auction. Therefore, reverting to the monthly long-term sub auction process for any residual TRs creates an additional administrative burden for the market participant and the IMO with little perceived benefit.

The opportunity for a TR participant to purchase any of the unsold yearly transmission rights would still be available if those TRs were “broken up into monthly TRs” and offered to TR participants as part of subsequent monthly short-term auctions conducted in accordance with section 4.10.

Although the sub auction process prescribed under section 4.11.3 may provide an additional opportunity for price discovery, if there are no rights available to be auctioned then price discovery is not possible.

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.

This change would be consistent with the intent of the original market rule in chapter 8 section 4.11.3 which obligates the IMO to offer the yearly product once (on a quarterly basis) and to offer any unsold quantities in subsequent short term auctions.

PART 4 – PROPOSAL (BY SUBMITTER)

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

Participation Requirements

It is proposed to delete chapter 8 section 4.8.3 to remove the thirty day waiting period before an authorized TR participant can participate in the TR market.

Transmission Rights Auction Periods

It is proposed to remove the requirement for long term sub-auctions and to prescribe that any unsold long-term TRs would then be offered as a monthly right in the applicable short-term auction in accordance with section 4.10.

PART 5 – FOR *IMO* USE ONLY***Technical Panel Decision on Rule Amendment Submission***

MR number: MR-00223-Q00

Date submitted to *Technical Panel*: March 18, 2003

Accepted by *Technical Panel* as: General Urgent Minor
(please indicate with X)

Date: March 18, 2003

Criteria for acceptance:

It identifies ambiguity or confusion within the rules that cause interpretation confusion and leads to poor coordination of implementation or to future disputes; and, h) It identifies ways to simplify the market and/or reduce participant or IMO costs.

Priority: Medium

PART 5 – FOR *IMO* USE ONLY**Criteria for assigning priority:**

The criteria for assigning priority is practical consequences since stakeholdering to date on this issue has yielded support from TR market participants for simplifying the TR auction periods in a manner which maintains the long-term auction process and the short-term or monthly auction process.

Not accepted (please indicate with X):

Clarification/interpretation required (please indicate with X):

***Technical Panel* minutes reference: IMOTP 123-1**

***Technical Panel* Comments:**