



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: Lam Chung

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

Market Participant Class: _____

Telephone: 204-474-4467

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PART 2 – MARKET RULE AMENDMENT REFERENCE

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

Amendment Submission Proposed Rule Amendment Recommended Rule Amendment

MR Number: MR-00308-R00, R01, R02, R03, R04

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: January 12, 2006

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.

Manitoba Hydro submits the following comments on the proposed rule amendments:

On the issue of bona fide and legitimate reasons for transaction failures, Manitoba Hydro strongly opposes to deeming the inability to obtain transmission from on the MISO interties as a legitimate reason. Our concern with this is that it can lead to gaming of another form. For instance, even though an intertie may be fully subscribed well in advance, an unscrupulous Market Participant can still submit a low-priced offer into the IESO and be scheduled to flow, knowing full well that there will be no transmission available (for him/her to procure) to physically deliver the energy. Assuming that there is an existing accepted offer on the same tie with firm transmission (within transfer capability of the tie) scheduled to flow in the Real Time, the unscrupulous offer also accepted by the IESO will now congest up the tie.

The sole purpose of this "unscrupulous offer" is to create congestion on the tie so that Transmission Rights payments can be received from the IESO. And if the Market Participant can claim that the failure to obtain transmission was a legitimate reason that he/she cannot deliver, he/she will be given free reign to continue playing this game. There is no disincentive for them to change their behavior. This action will ultimately reduce the reliability of the IESO system since the "unscrupulous offer" will not show up in the real-time causing a supply shortage that the IESO will need address in one form or another, and will also cost the IESO to pay out more in TR payments than actually necessary. A double whammy for the IESO. The holder of the firm transmission is also harmed.

It is for these reasons that MH believes that inability to obtain transmission should not be classified as a bona fide reason for intertie transaction failures in Real Time.

As a whole, the issue of intertie transactions failures appears to be more an issue related to seams coordination between the IESO and its neighbouring markets. Manitoba Hydro believes that improved coordination and communication between the ISOs would be better at reducing the level of intertie failures than the proposed rule amendments which puts the onus on Market Participants. Further, the proposed formulation is strictly one-sided to the benefit of the IESO. Market Participants are burdened with having to pay the IESO should a transaction failure occur and Real Time prices are higher, but receive no upside benefit from the IESO should the Real Time price be lower. This, we believe, is not equitable and serves to further erode confidence in the Ontario electricity market.

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):

PART 4 – EXTERNAL CONSULTATION MEETING

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