

SEPTEMBER 17, 2024

Changes to Market Manual 2.2 Exemption Applications and Assessment IESO Stakeholder Engagement Session

Paula Lukan

Aaron Kucharczuk

Supervisor, Market Rules

Senior Counsel

Purpose

- Introduction and Background
- Description of Changes to the Exemptions Market Manual
 - New amendment process
 - Improvements to consideration criteria
 - General clean-up
 - Re-organization
- Implementation Schedule and Process
- Unique approval process for market manual changes

Introduction and Background

Market Manual 2.2 Exemption Applications and Assessment

As part of the IESO's Market Renewal Program (MRP) readiness plans, the Exemptions Market Manual is being updated to:

1. Provide exemption holders with a new process to amend an existing exemption
2. Add incremental improvements to the consideration criteria
3. General clean up of the manual to align with market manuals amended as part of MRP
4. Re-organize and clarify the manual to make it easier to navigate and understand

1. New Process for Amending Existing Exemptions

The IESO is proposing a new and simplified process for making changes to exemptions

- Currently:
 - Exemption holders can only seek new exemptions
 - IESO may initiate an exemption reconsideration of an existing exemption
- Market Manual section 4.2 “Amendment of Exemptions” has been added.
- New flexible process – permits simplified process for more administrative changes, and for more substantive changes it is akin to the process for a new exemption application
- Allows for amendments to exemptions for seamless transition to new MRP market rule set

How Amendment Process Will Work

- Submit application with:
 - (1) description of circumstances giving rise to the request;
 - (2) proposed amendment to the existing exemption; and
 - (3) any impacts such proposed amendment would have on the exemption criteria outlined in the manual
- IESO prepares Staff Recommendation that considers proposed amendment and relevant criteria
- The IESO and Panel may choose to expedite the request or have it follow the same process as the one outlined in the regular exemption application process. The intent of this is to streamline amendments that may be minor in nature.
- The Panel may choose to amend the exemption, as it determines appropriate, or leave the exemption as is.

2. Incremental Improvements to Consideration Criteria

The criteria to decide exemptions only modified slightly, specifically with following updates:

- Adding a consideration related to the appropriateness, adequacy, relevance and enforceability of the terms and conditions of the exemption
- Added a consideration related to the adequacy of the exemption applicant's exemption plan
- Consideration of the 'cost or delay' to the exemption applicant for complying with the obligation from which it is seeking to be exempted, was update to refer to the 'impact' on such MPs, which would include cost, delay, or other factors.

3. General Clean-Up

- Exemptions Market Manual has not been materially updated since 2004 (in 2018 minor updates made, and in 2022 AODA updates made)
- Simplified the description of the processes
- Removed repetition within the manual, and repetition with the Electricity Act
- Updated for MRP – i.e. included references to “resources”
- Renamed “interlocutory interim exemption” to “interim exemption”, as this caused confusion for Market Participants
- References to IESO’s forbearance process to note alternative option for Market Participants
- Removed appendices which were repetitive, non-repetitive content moved into body of manual

4. Reorganization

- Merged purpose, scope and overview into one single purpose provision
- Added the following:
 - Part 2 - Preparing for Exemption Application
 - Part 3 - Review of an Exemption Application
 - Part 4 - Administration of an Exemption
 - Part 5 - Costs
- Reorganization has more logical structure – reflects order of how process proceeds
 - For example, considerations to be made regarding exemption decisions are now in exemption review section, whereas previously it was in the introduction section

Timeline For Implementation

- Unlike other market manuals, the Exemptions Market Manual must be approved by the IESO Board of Directors:
- Electricity Act, section 36.1, Rules: (18) The IESO's directors may make rules governing the practice and procedure before panels of directors under this section. 2004, c. 23, Sched. A, s. 46 (7).
- The Exemptions Market Manual was developed as the "rules governing the practice and procedures" of exemptions
- Proposed changes to the manual will be brought to IESO Board for approval by December 2024, and will be effective immediately following Board approval to allow time for amendments to take place prior to MRP go-live.

Timeline, Continued

- Given the alternative process for approving the Exemptions Market Manual changes, the opportunity for stakeholders to make submissions will only be in the context of this Stakeholder Engagement (SE)
- Once the SE has been completed and submissions considered, the Exemptions Market Manual will go to IESO Board for approval, and then it will enter the normal Baseline process
- SE submissions window will be open until October 8, with IESO responses to follow
- Notice will be included in IESO Bulletin once IESO Board approves

Next Steps

- IESO will post the draft Exemption Market Manual following the webinar
- SE team will send an email to registrants advising when it has been posted
- Stakeholder comments – deadline is October 8, 2024
- If you think your exemption needs to be amended due to MRP, please reach out to Market Rules staff (exemptions@ieso.ca)
- We can begin working with you ahead of the new exemption amendment process being approved

Thank You

ieso.ca

1.888.448.7777

customer.relations@ieso.ca

engagement@ieso.ca



[@IESO Tweets](https://twitter.com/IESO)



[linkedin.com/company/IESO](https://www.linkedin.com/company/IESO)

Appendix – Details of Changes to Market Manual

Part 1 – Introduction

- Removed repetition with the Electricity Act
- Added contact information section, as in all other manuals
- Confidential information section simplified
- Removed references to applications being submitted prior to Market Opening (section 1.5.1)

Details of Changes, Continued

Part 2 - Preparing an Exemption Application

- Provided additional information about alternative approaches (i.e. forbearance process)
- Removed information about the IESO's internal processing of exemption applications submitted (e.g. contacting Market Rules, legal departments)
- Removed reference to dispute resolution process to resolve differences of interpretive opinion. If a dispute requires it, dispute process will be available, and if it is necessary to decide an exemption application, then it will be made by the Panel in doing so.

Details of Changes, Continued

- Removed extensive back and forth process regarding the IESO requesting additional information. There is no need for this process, as it is in the MP's best interest to put forth all information needed to support their application.
- Exemption application requirements remain the same
- Interim exemption process – simplified the process. Factors for consideration remained the same. Added requirement for written reasons with a decision.

Details of Changes, Continued

Part 3 – Review of an exemption application

- Responses to third party submissions now staggered to allow more meaningful process. Exemption applicant to respond to third party followed by the IESO, rather than concurrently with the IESO. This allows for any updated proposed terms and conditions to take into account the exemption applicant's response. Final response given to the exemption applicant, including opportunity to amend exemption plan.
- Removed reference to IESO and the exemption applicant coming to an agreement on the proposed terms and conditions, and third party comment on such agreement. This is replaced with an ability to refer the matter back to IESO staff to reconsider aspect of the staff recommendation, while allowing comments and discussions on such proposed amendments.

Details of Changes, Continued

- Increased clarity in regards to what some proposed terms and conditions could include
- The criteria to decide exemptions only modified slightly, specifically with following updates:
 - Adding a consideration related to the appropriateness, adequacy, relevance and enforceability of the terms and conditions of the exemption
 - Added a consideration related to the adequacy of the exemption applicant's exemption plan
- Consideration of the 'cost or delay' to the exemption applicant for complying with the obligation from which it is seeking to be exempted, was update to refer to the 'impact' on such MPs, which would include cost, delay, or other factors.

Details of Changes, Continued

- Removed the option of the Panel to refer the matter to mediation, as it is an application that must, as per the Electricity Act, be decided by the Panel. The Panel does have the option of referring the matter back to the parties to elaborate on any information, analysis or recommendations, but mediation is not an appropriate forum to resolve an exemption application

Details of Changes, Continued

Part 4 – Administration of an exemption

- Added new section permitting exemption applicants to seek amendments to their existing exemptions
- Reconsideration and transfer sections were streamlined and simplified, (e.g. removed repetition of the criteria and instead simply referred to the criteria stated above).
- Reconsideration process was simplified by removing first step of the process. Currently Panel must approve the change of circumstances and then approve the new terms (or keeping it the same, or removal). Now a single step, where Panel considers the underlying reason and the new terms concurrently.
- Transfer simplified - allowing an administrative transfer that does not involve the Panel where the transfer is as contemplated by the terms of the exemption.

Details of Changes, Continued

Part 5 – Costs

- Clarified that IESO Board can set processing fees while the Panel can set costs associated with the granting of a particular exemption. Previously this was both stated as roles of the Panel, however the Panel convenes only to decide individual matters.
- Expanded to include the new exemption amendment process – see details above

Other Changes:

- Removed section related to appeal as it was just restating the Electricity Act
- Removed section about the need for a market rule amendment as it is outside the scope of the manual related to exemptions