
**Reasons of the *IESO Board* in respect of
an *amendment to the market rules***

Terms and acronyms used herein that are italicized have the meanings ascribed thereto in Chapter 11 of the *market rules*.

The following sets out the *IESO Board's* reasons for its decision on the proposed *amendment* to the *market rules* identified in Part 1 below (the "**Amendment**").

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR- 00440-R00
Title:	HDR Out-of-Market Activation Payments.

The *IESO Board* convened to consider the Amendment on the date and location set out in Part 2 below.

PART 2 – BOARD MEETING INFORMATION

Date:	November 27, 2019
Location:	120 Adelaide Street, West, Toronto

Prior to considering the Amendment, the Chair of the *IESO Board* enquired whether any director of the *IESO Board* had a conflict of interest to declare, the result of which is set out in Part 3 below.

PART 3 – CONFLICTS OF INTEREST

<input checked="" type="checkbox"/> No conflict was declared.
<input type="checkbox"/> Any director declaring a conflict of interest abstained from voting on the adoption of the Amendment.

The *IESO Board* was presented with the materials in respect of the Amendment identified in Part 4 below (the “**Materials**”), all of which is *published* on the *IESO*’s [website](#) subject to such redactions as *IESO* staff determined reasonably necessary.

PART 4 – MATERIALS

- Memorandum from the Technical Panel Chair
- Market Rule Amendment Proposal as recommended by Technical Panel
- IESO Staff memo to Technical Panel
- Draft Resolution
- Technical Panel member vote and rationale
- Consumer Impact Assessment (this assessment is required to support the Ontario Energy Board market rule amendment review process)
- Technical Panel and Stakeholder Comments (this assessment is required to support the Ontario Energy Board market rule amendment review process)

Having considered the Amendment and the Materials, the *IESO Board* decided as identified in Part 5 for the reasons set out in Part 6.

PART 5 – DECISION

- The *IESO Board* decided in favour of the adoption of the Amendment.
- The *IESO Board* referred the Amendment back to the *technical panel* for further consideration and vote.
- The *IESO Board* decided against the adoption of the Amendment.

PART 6 – REASONS

The *IESO Board* reviewed the Materials including the unanimous *technical panel* vote to recommend MR-00440-R00 for approval by the *IESO Board*. The Markets Committee of the *IESO Board* discussed the Amendment and recommended it for adoption at the November 27, 2019 *IESO Board* meeting.

The *IESO Board* decided to adopt the Amendment recommended by the *technical panel* with minor amendments, with an effective date of May 1, 2020. Minor amendments were made to the Amendment to ensure definitions used within the Amendment are consistent with the current *market rules* due to the Decision and Order on Motion to Stay the Operation of the Amendments to the Market Rules (EB-2019-0242) granted by the Ontario Energy Board on November 25, 2019. The substance of the proposed HDR Out-of-Market Activation Payments market rule amendment is unchanged.

The IESO Board adopted the Amendment for the following reasons:

1. This Amendment implements a recommendation from the Demand Response Working Group that is supported both by *IESO* staff and stakeholders.
2. The Amendment enables *hourly demand response* resources to receive compensation for out-of-market activations which is similar to the compensation that is currently provided to other resource types for out-of-market activations. The Amendment will therefore enhance equality and competition in the *demand response auction*, which should lead to lower auction clearing prices.
3. The IESO Board agrees that an effective date of May 1, 2020 is necessary to coordinate the implementation of the Amendment with the start of the next *demand response obligation period*, stemming from the December 2019 *demand response auction*.