



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.: MR-00233	
Subject: Settlements	
Title: Urgent Amendments to Market Power Mitigation Rebate Rules	
Nature of proposal (please indicate with X): <input checked="" type="checkbox"/> Alteration <input type="checkbox"/> Deletion <input type="checkbox"/> Addition	
Chapter: 9	Appendix:
Sections: 5.1	
Sub-sections proposed for amending: 5.1.1 to 5.1.6	

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Technical Panel Review	April 22, 2003
2.0	Submitted for IMO Board Approval	April 22, 2003
3.0	Approved by the IMO Board	May 2, 2003

Approved Amendment *Publication Date:* May 2, 2003

Approved Amendment *Effective Date:* May 2, 2003

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

- The reason for the proposed amendment and the impact on the *IMO-administered markets* if the amendment is not made
- Alternative solutions considered
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IMO-administered markets*.

Since the market rules relating to Market Power Mitigation were made, the Minister of Energy has issued two additional directives to the Ontario Energy Board directing the amendment of the IMO licence and corresponding changes to the licence of Ontario Power Generation Inc. There may well be additional directives issued from time to time between now and the expiry of the market power mitigation arrangements in May, 2006. Any such change would likely require further amendments to the market rules. There is no need at law to replicate the provisions of the IMO licence in the market rules. Therefore, it is proposed to merely require the IMO to distribute rebate moneys in accordance with its licence as amended from time to time.

PART 4 – PROPOSED AMENDMENT

5. Market Power Mitigation

5.1 Settlement of Market Power Mitigation Rebate

5.1.1 Any payment received by the *IMO* pursuant to the terms of any agreement:

5.1.1.1 to which the *IMO* is required by its *licence* to be a party;

5.1.1.2 which incorporates the terms of a directive issued by the *Minister* to the *Ontario Energy Board* pursuant to subsection 28(1) of the *Ontario Energy Board Act, 1998*; and

5.1.1.3 which provides for the payment to the *IMO* of a rebate of certain *settlement amounts*,

shall be distributed ~~to market participants~~ in accordance with ~~section 5.1.2, 5.1.3 or 5.1.4, as the case may be~~ the *IMO licence*, as amended from time to time.

5.1.2 ~~[Intentionally left blank] Where the payment referred to in section 5.1.1 is less than 10 million dollars, or such other threshold amount as may be specified in the~~

~~agreement referred to in that section, exclusive of any amount representing interest, the payment shall be used to offset the *IMO administration charge* imposed on *market participants* in accordance with section 4.5 during the period in which the first order of the *OEB* approving the *IMO administration charge* made:~~

~~5.1.2.1 — pursuant to subsection 19(2) of the *Electricity Act, 1998*; and~~

~~5.1.2.2 — subsequent to the date on which such payment is received by the *IMO*, is in effect.~~

5.1.3 ~~[Intentionally left blank]Where the payment referred to in section 5.1.1 is 10 million dollars or more, or such other threshold amount as may be specified in the agreement referred to in that section, exclusive of any amount representing interest, the *IMO* shall adjust by means of a market power mitigation rebate *settlement credit* the *preliminary settlement statement* of *market participant k* issued for the last *trading day* of the *energy market billing period* in which the payment was received by the *IMO*. The amount of *market participant k*'s market power mitigation rebate *settlement credit* (" $MPMR_{k,H}$ ") shall be determined as follows:~~

$$MPMR_{k,H} = \frac{TMPMR}{\sum_{K,H} \sum_{M,T} AQEW_{k,h}^{m,t}} \times \sum_H \sum_{M,T} AQEW_{k,h}^{m,t}$$

~~Where:~~

~~————— $TMPMR$ = the total dollar value of the payment referred to in section 5.1.1, exclusive of any amount representing interest~~

~~————— H = the set of all *settlement hours* over the 12 *energy market billing periods* to which the rebate referred to in section 5.1.1 relates or, in the case of each of the first and last payments required to be made to the *IMO* pursuant to the agreement referred to in section 5.1.1, all of the *settlement hours* over such greater or lesser number of *energy market billing periods* as may be required pursuant to such agreement~~

~~————— K = the set of all *market participants k*~~

~~————— T = all *metering intervals* over the set of H *settlement hours*~~

~~————— M = the set of all *RWMs m*~~

5.1.4 ~~[Intentionally left blank]Where the payment referred to in section 5.1.1 comprises or includes an amount for interest payable in accordance with the agreement referred to in that section, such amount shall be used to offset the *IMO administration charge* imposed on *market participants* in accordance with section~~

- ~~4.5 during the period in which the first order of the OEB approving the IMO administration charge made:~~
- ~~5.1.4.1 — pursuant to subsection 19(2) of the *Electricity Act, 1998*; and~~
 - ~~5.1.4.2 — subsequent to the date on which such payment is received by the IMO, is in effect.~~
- 5.1.5 [Intentionally left blank]Any amount representing a portion of MPMR_{k,H}, together with any interest thereon, that is subsequently returned to the IMO by a market participant in accordance with the provisions of its licence shall be used to offset the IMO administration charge imposed on market participants in accordance with section 4.5 during the period in which the first order of the OEB approving the IMO administration charge made:

 - 5.1.5.1 — pursuant to subsection 19(2) of the *Electricity Act, 1998*; and
 - 5.1.5.2 — subsequent to the date on which such amount is returned the IMO, is in effect.
- 5.1.6 [Intentionally left blank][Reserved for potential liability provisions related to the agreement referred to in section 5.1.1]

PART 5 – IMO BOARD COMMENTS