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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00252-R00		
Subject:	Congestion Management		
Title:	Recovery of Congestion Management Settlement Credit (CMSC) Payments for Generation Facilities		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	9	Appendix:	
Sections:	Ch. 9, sections 3.5, 4.8		
Sub-sections proposed for amending:	Ch. 9, sections 3.5.2, 3.5.6, 4.8.2.5, 4.8.2.6		

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Working Draft for Technical Panel Review	December 10, 2008
2.0	Working Draft for Technical Panel Review	July 5, 2011
3.0	Working Draft for Technical Panel Review	August 16, 2011
4.0	Publish for Stakeholder Review and Comment	August 25, 2011
5.0	Submitted for Technical Panel Vote	October 11, 2011
6.0	Recommended by Technical Panel; Submitted for IESO Board Approval	October 18, 2011
7.0	Approved by IESO Board	November 30, 2011
Approved Amendment Publication Date:	December 1, 2011	
Approved Amendment Effective Date:	December 23, 2011	

### PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

- The reason for the proposed amendment and the impact on the *IESO-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 *IESO-administered markets*.

#### Summary

This amendment proposes to enable the IESO to recover “self-induced” congestion management settlement credit (CMSC) payments from generators under three specific scenarios. Self-induced CMSC payments occur as the result of actions taken by the generator and/or conditions at, or involving, the generation facility and not by conditions on the IESO-controlled grid. As such, these CMSC payments are not consistent with the intent of CMSC payments. The three scenarios are:

- A generation facility that is eligible for a real-time generation cost guarantee (RT-GCG), disqualifies itself for the guarantee but could receive self-induced CMSC payments as a result;
- A generation facility that either:
  - (i) is unable to follow IESO dispatch instructions and/or
  - (ii) is constrained on or constrained off by the IESO, at the request of the generator, for safety, legal, regulatory, environmental or equipment damage reasons; could receive self-induced CMSC payments as a result.
- A generation facility (e.g. a steam turbine) fueled by another generation facility (e.g. a gas turbine) could receive self-induced CMSC payments as a result of the relationship between the facilities’ offer prices and constraints applied by the IESO to recognize the operational dependencies of the two facilities.

The proposed rule amendments are “enabling the IESO” rather than “obligating the IESO”, as it is judged that the inappropriate CMSC payments under these scenarios are not consistent with the original intent of CMSC but have not been material enough to justify the costs of IESO system changes necessary to meet an obligation. Nevertheless, these amendments would be expected to reduce market uplift charges to consumers.

#### Background

CMSC payments are a consequence of the Ontario uniform pricing regime. CMSC payments result from a divergence between a facility’s unconstrained market schedule (used to determine the uniform market clearing price) and its constrained dispatch schedule (used for the actual dispatch of facilities based on the physical conditions of the IESO-controlled grid and the physical capabilities of

### PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

dispatchable resources). When a generator's constrained dispatch schedule differs from its unconstrained market schedule<sup>1</sup>, CMSC payments are intended to ensure that market participants are kept whole to the operating profit they would have received under their market schedules. Operating profit for a generator is the difference between the revenue received for the energy sold and the cost of supplying the energy. The calculation of operating profit for purposes of CMSC payments is predicated on the assumption that the generator's offer price reflects their marginal cost of production.

For more information on CMSC payments, please consult the excerpt from IESO's marketplace training manual Introduction to Ontario's Physical Markets (IESOTP 220-5c)<sup>2</sup>, or view a recorded presentation on CMSC at the following link:

[http://www.ieso.ca/imoweb/marketplaceTraining/cmssc\\_presentation.asp](http://www.ieso.ca/imoweb/marketplaceTraining/cmssc_presentation.asp).

In January 2004, the IESO approved rule changes ([MR-00195-R00-R06](#)) that involved CMSC payments to dispatchable loads and import transactions that had been identified as not being consistent with the original intent of CMSC. During the MR-00195 rule amendment process, the IESO attempted, in consultation with stakeholders, to include the elimination, mitigation or reduction of self-induced CMSC payments to generators. At that time, the IESO and stakeholders could not agree on a market rule level definition and treatment of generator self-induced CMSC because of the many possible situations which could give rise to these payments, and the difficulty in establishing a fair and appropriate CMSC adjustment. Since then, more specific situations have been identified and documented by the IESO and the Market Surveillance Panel (MSP), which facilitate more specific rule amendments.

Currently, where the IESO has identified actual occurrences of these situations or scenarios, the IESO has identified the concern to the specific market participant and requested voluntary repayment of the inappropriate CMSC. While the affected market participants have generally been co-operative in repaying the CMSC, the IESO believes that relying on voluntary repayment is not an efficient way to operate a market place and is not fair to the consumers who ultimately pay for any inappropriate CMSC not voluntarily repaid.

These specific scenarios are described below. In each case, generators may be able to earn inappropriate CMSC revenue at the expense of other market participants, and the IESO has no authority to recover this CMSC. The IESO initiated stakeholder engagement on this matter under SE-84 and received valuable feedback from stakeholders, which is reflected in the proposed amendments. ([http://www.ieso.ca/imoweb/consult/consult\\_se84.asp](http://www.ieso.ca/imoweb/consult/consult_se84.asp)).

Alternatives considered, and final recommendations of the IESO to address the inappropriate CMSC payments to generators, are presented below. Without these amendments to the market rules, loads may continue to pay inflated uplifts as a result of self-induced CMSC.

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<sup>1</sup> When a generator's constrained dispatch schedule is greater than its unconstrained market schedule, the generator is constrained-on. When a generator's constrained dispatch schedule is less than its unconstrained market schedule, the generator is constrained-off.

<sup>2</sup> <http://www.ieso.ca/imoweb/pubs/tp2008/tp220-5c-CMSSC-Extract-from-Training-Manual.pdf>

**PART 3 – EXPLANATION FOR PROPOSED AMENDMENT****Discussion****Scenario:**

- **A generation facility that is eligible for a real-time generation cost guarantee (RT-GCG) disqualifies itself for the guarantee but could receive self-induced CMSC payments as a result.**

Once an eligible generator has accepted a RT-GCG, the IESO applies a manual constraint to ensure that the scheduled output from the generator's facility is no less than its minimum loading point (MLP) for at least its minimum generation block run-time (MGBRT). If the market participant increases the MLP offer price for the MGBRT period after the constraint is applied, the market participant would be disqualified from the guarantee in accordance with the existing Chapter 7 section 5.7.1.4. However, the increased offer price and manual constraint may result in CMSC revenues that could potentially exceed the value of the guarantee payment.

Options that were identified to limit self-induced CMSC in this case include:

- implementing a system solution that restricts any increase to the offer price associated with MGBRT once the facility is constrained under the guarantee programs;
- denying all CMSC revenue associated with MGBRT if the offer price associated with MGBRT is increased after constraints are applied;
- CMSC based on the original MGBRT offer price, ie. withhold the CMSC payments associated with the MLP offer price increase; and
- recover CMSC revenue to the original MGBRT price after the fact.

**IESO Recommendation – (refer to proposed Section 3.5.6B of Chapter 9)**

Historically, this type of self-induced CMSC payment has not been material. Although the market rules clearly stipulate that the MLP offer price for the MGBRT period should not be increased, materiality and frequency do not justify the investment that would be required to implement a costly technical or system solution to prevent such offer increases and automatically withhold the self-induced CMSC. Furthermore, some CMSC revenue may be legitimate, and denial of all CMSC revenue may not be appropriate.

The IESO recommends an amendment to the market rules such that the IESO may recover the incremental CMSC payments resulting from the MGBRT offer price increase associated with the MLP lamination. The generator would remain eligible for CMSC associated with the original MGBRT offer price associated with the MLP lamination.

The intent of this amendment to the market rules is to eliminate any incentive for generators to increase the MLP offer price for the MGBRT period once a RT-GCG has been accepted. A market participant disqualifies itself from a RT-GCG by increasing its MLP offer price for the MGBRT period. As written, the IESO believes that the proposed rule should eliminate any remaining incentive. In absence of an incentive to raise the offer price, stakeholders expressed concern that recovery of the entire amount of additional CMSC to HOEP may be considered punitive to a market participant who inadvertently increases the MLP offer price for the MGBRT period considering that the market participant has already disqualified itself from receiving revenues associated with the guarantee. Therefore this proposed rule amendment presents a pragmatic solution that achieves the objective of eliminating the incentive for generators to increase the MLP offer price for the MGBRT period while addressing stakeholders concerns.

Originally, this rule amendment proposal was intended to apply to both the RT-GCG and the day-ahead generation cost guarantee (DA-GCG) program. However, the DA-GCG program will be replaced by

**PART 3 – EXPLANATION FOR PROPOSED AMENDMENT**

the Enhanced Day Ahead Commitment (EDAC) process on October 12, 2011. As a result, the current proposed amendment only includes the RT-GCG program.

**Scenario:**

- **A generation facility that either:**
  - (i) **is unable to follow IESO dispatch instructions and/or**
  - (ii) **is constrained on or constrained off by the IESO, at the request of the generator,****for safety, legal, regulatory, environmental or equipment damage reasons; could receive self-induced CMSC payments as a result.**

As per the Market Rules, Chapter 7, section 7.5.3, a market participant is not obligated to comply with a dispatch instruction if such compliance would endanger the safety of any person, damage equipment, or violate any applicable law. The following examples illustrate conditions under which generators could potentially earn self-induced CMSC:

- a) Non-quick start generation units may be in the dispatch schedule for some quantity, but they may not meet the eligibility requirements for a guarantee program. In this case, the IESO expects that the generator would voluntarily remove its offers. However, it's possible that a generator could inform the CRO of its intent to synchronize. Once the unit is synchronized, if the generator is unable to follow dispatch instructions (for example, dispatch instructions may tell the unit to go off-line), the generator might request to be constrained to its MLP for its MGBRT to prevent equipment damage. A constraint could also be requested for safety, legal, regulatory or environmental reasons. The unit would be constrained by the IESO as requested.
- b) A generator may request that the IESO constrain on hydroelectric units due to safety, legal, regulatory, environmental or equipment damage reasons; for example needing to maintain river flows in order to respect water level agreements.
- c) A generator may request that the IESO constrain off hydroelectric units due to safety, legal, regulatory, environmental or equipment damage reasons; for example low water levels, but the generator may leave offers in during the mandatory window or beyond.

**IESO Recommendation – (refer to proposed Section 3.5.6C of Chapter 9)**

The magnitude of this type of CMSC is difficult to estimate due to the unique nature of individual circumstances. Automated processes would not be able to identify these circumstances. While not material at this time, the opportunity to earn inappropriate CMSC payments still exists.

Where a generator is unable to comply with dispatch instructions for safety, legal, regulatory, environmental or equipment damage reasons, and where the generator requests constraints to satisfy its required output, the IESO recommends an amendment to the Market Rules which allows the IESO to recover any CMSC revenue earned by the market participant for injected MWs that resulted from application of the constraint and that were not in the unconstrained schedule. Additional case specific information may be required by the IESO regarding the facility and system conditions at the time the self-induced CMSC is earned.

**Scenario:**

- **A generation facility (e.g. steam turbine) fueled by another generation facility (e.g. a gas turbine) could receive self-induced CMSC payments as a result of the relationship between the facilities' offer prices and constraints applied by the IESO to recognize the operational dependencies of the two facilities.**

## PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Effective November 12, 2009, the IESO introduced a new procedure that enables combined cycle generators to operate their gas and steam turbines more effectively, by having the IESO constraining the steam unit operation according to the number of gas units that are economically scheduled. This may incent a generator to submit high offers on its steam unit in order to earn potentially large CMSC payments.

### **IESO Recommendation – (refer to proposed Section 3.5.6D of Chapter 9)**

The magnitude of this type of CMSC is not material at this time and automated analysis is not justified based on materiality, however, the opportunity to earn inappropriate CMSC payments still potentially exists.

The IESO recommends an amendment to the Market Rules which allows the IESO to recover any CMSC revenue earned by the market participant when the steam unit offer price is greater than the offer price of the gas unit(s) that provided the fuel for the steam MWs.

### **Implementation of Proposed Rule Amendments – (refer to proposed Section 3.5.6E of Chapter 9)**

In applying these proposed rule amendments the IESO will notify the affected market participant of its intent to recover the inappropriate CMSC. The market participant will be notified of the time frame within which it may respond to the IESO notification. This time frame shall not be less than five business days from the date of receipt of the notice. Upon receiving a response from the market participant within the specified time period, or upon expiry of the time period without any response from the market participant, the IESO may choose to either finalize its determination or gather further information to assist in its final determination on the amount of inappropriate CMSC to recover. In either situation, the IESO will notify the market participant of the final outcome. If the market participant disagrees with the amount of CMSC that is recovered, the market participant can file a notice of disagreement regarding the recovery under the existing market settlement process.

### **Distribution of Recovered Amounts – (refer to proposed Section 4.8.2.5 of Chapter 9)**

The IESO also proposes that any payments recovered under the proposed amendments would be distributed to other market participants as a non-hourly settlement amount, as is done for other similar settlement amounts.

## PART 4 – PROPOSED AMENDMENT

### **3.5 Hourly Settlement Amounts for Congestion Management**

- 3.5.1 The *dispatch instructions* provided by the IESO to market participant ‘k’ will sometimes instruct k to deviate from its *market schedule* in ways that, based on *market participant ‘k’s offers and bids*, imply a change to *market participant ‘k’s net operating profits* relative to the operating profits implied by *market participant ‘k’s market schedule*. When this occurs and *market participant ‘k’* responds to the IESO’s *dispatch instructions*, *market participant ‘k’* shall, subject to Appendix 7.6 of Chapter 7, receive as compensation a *settlement credit* equal to the change in implied operating profits resulting from such response, calculated in accordance with

section 3.5.2. If *market participant* ‘k’ does not fully or accurately respond to its *dispatch instructions* from the *IESO*, the compensation paid to *market participant* ‘k’ shall be altered as set forth in this section 3.5, or as otherwise specified by the *IESO*.

3.5.1A A *registered market participant* for a *registered facility* that is a *dispatchable load* is not entitled to a congestion management settlement credit determined in accordance with section 3.5.2 where that *registered facility’s* DQSW is less than the corresponding MQSW at that location for the same *metering interval* as the result of that *registered facility’s* own equipment or operational limitations, if:

3.5.1A.1 that *registered facility* does not fully or accurately respond to its *dispatch instructions*; or

3.5.1A.2 the ramping capability of that *registered facility*, as represented by the ramp rate set out in the *offers* or *bids*, is below the threshold for the *IESO* to modify *dispatch instructions* and thereby prevents changes to the *dispatch*;

and then the *IESO* may withhold or recover such congestion management settlement credits and shall redistribute any recovered payments in accordance with section 4.8.2 of Chapter 9.

3.5.1B A *market participant* shall not be *invoiced* congestion management settlement credits for an export transaction if that transaction attracted the congestion management settlement credits under the following conditions:

3.5.1B.1 the net *interchange schedule* limit is binding in the *market schedule* on an economic export transaction in pre-dispatch, and subsequently, in accordance with section 6.1.3 of Chapter 7, the *IESO* increases the quantity of that transaction in the *real-time schedule*; or

3.5.1B.2 the net *interchange schedule* limit is binding in the *market schedule* on an uneconomic export transaction in pre-dispatch, and subsequently, in accordance with section 6.1.3 of Chapter 7, the *IESO* decreases the quantity of that transaction in the *real-time schedule*.

The amount of congestion management settlement credits referred to in this section is limited to the portion of the transaction that is modified by the *IESO*.

3.5.1C [Intentionally left blank – section deleted]

3.5.1D A *registered market participant* for a *registered facility* that is a *dispatchable load* shall not be entitled to a congestion management *settlement* credit determined in accordance with section 3.5.2 for *settlement hour* ‘h’ where:

3.5.1D.1 the *price-quantity pairs* contained in the *energy bid* associated with that *registered facility* for *settlement hour* ‘h’ are not identical to the *price-quantity pairs* in the *energy bid* associated with the same *registered*

*facility* for the applicable preceding *settlement hour* or following *settlement hour*;

- 3.5.1D.2 the change in *energy bid* as referred to in section 3.5.1D.1 results in a change in the quantity scheduled in the *market schedule* for that *registered facility* as described in the applicable *market manual*;
- 3.5.1D.3 the change in *energy bid* as referred to in section 3.5.1D.1 results in the ramping of the that *registered facility* as described in the applicable *market manual*; and
- 3.5.1D.4 that *registered facility's* DQSW is less than the corresponding MQSW at that locaton for any *metering interval* falling within *settlement hour 'h'*.

3.5.2

Subject to sections 3.5.1A, 3.5.1D, 3.5.6, 3.5.6A, [3.5.6B](#), [3.5.6C](#), [3.5.6D](#) and 3.5.9 and subject to Appendix 7.6 of Chapter 7, the hourly congestion *management settlement credit for market participant 'k'* for *settlement hour 'h'* (“CMSC<sub>k,h</sub>”) shall be determined by the following equation:

Let ‘BE’ be a matrix of n *price-quantity pairs* offered by *market participant 'k'* to supply *energy* during *settlement hour 'h'*

Let ‘BR<sub>r</sub>’ be a matrix of n *price-quantity pairs* offered by *market participant 'k'* to supply class r *operating reserve* during *settlement hour 'h'*

Let ‘BL’ be a matrix of n *price-quantity pairs* bid by *market participant 'k'* to withdraw *energy* by a *dispatchable load* during *settlement hour 'h'*

Let OP(P,Q,B) be a profit function of Price (P), Quantity (Q) and an n x 2 matrix (B) of offered *price-quantity pairs*:

$$OP(P, Q, B) = P \cdot Q - \sum_{i=1}^{s^*} P_i \cdot (Q_i - Q_{i-1}) - (Q - Q_{s^*}) \cdot P_{s^*+1}$$

Where:

s\* is the highest indexed row of B such that Q<sub>s\*</sub> ≤ Q ≤ Q<sub>n</sub> and where, Q<sub>0</sub>=0

B is matrix BE, BR<sub>r</sub>, or BL (see above)

Using the terms below, let CMSC be expressed as follows:

$$CMSC_{k,h} = OPE_{k,h} + OPR_{k,h} + OPL_{k,h}$$

Where:

OPE<sub>k,h</sub> represents that component of the *congestion management settlement credit for market participant 'k'* during *settlement hour 'h'* attributable to a constraint on *energy* production subject to section 3.5.1 and is calculated as follows:

$$OPE_{k,h} = \sum_{m,t} \left[ \begin{array}{l} OP(EMP_h^{m,t}, MQSI_{k,h}^{m,t}, BE) - \\ \text{MAX} \left( OP(EMP_h^{m,t}, DQSI_{k,h}^{m,t}, BE), OP(EMP_h^{m,t}, AQEI_{k,h}^{m,t}, BE) \right) \end{array} \right]_w$$

here:

$$\text{MAX}[X,Y] = \text{Maximum of X or Y}$$



During any *metering interval* 't' within *settlement hour* 'h' in which the mathematical sign of  $DQSI_{k,h}^{m,t} - MQSI_{k,h}^{m,t}$  is not equal to the mathematical sign of  $AQEI_{k,h}^{m,t} - MQSI_{k,h}^{m,t}$ , the component of  $OPE_{k,h}$  at location m, determined in accordance with section 3.1.4A, or *intertie metering point* 'm' for that *metering interval* 't' shall equal zero.

$OPR_{k,h}$  represents that component of the *congestion management settlement credit* for market participant 'k' during *settlement hour* 'h' attributable to a constraint on the provision of *operating reserve* subject to section 3.5.1 and is calculated as follows:

$$OPR_{k,h} = \sum_{m,t,r} \left[ \begin{array}{l} OP(\text{PROR}_{r,h}^{m,t}, \text{SQROR}_{r,k,h}^{m,t}, \text{BR}_r) - \\ \text{MAX} \left( OP(\text{PROR}_{r,h}^{m,t}, \text{DQSR}_{r,k,h}^{m,t}, \text{BR}_r), OP(\text{PROR}_{r,h}^{m,t}, \text{AQOR}_{r,k,h}^{m,t}, \text{BR}_r) \right) \end{array} \right]$$

During any *metering interval* 't' within *settlement hour* 'h' in which the mathematical sign of  $DQSR_{r,k,h}^{m,t} - \text{SQROR}_{r,k,h}^{m,t}$  is not equal to the mathematical sign of  $\text{AQOR}_{r,k,h}^{m,t} - \text{SQROR}_{r,k,h}^{m,t}$ , the component of  $OPR_{k,h}$  at location m, determined in accordance with section 3.1.4A, or *intertie metering point* 'm' for that *metering interval* 't' shall equal zero.

$OPL_{k,h}$  represents that component of the *congestion management settlement credit* for market participant 'k' during *settlement hour* 'h' attributable to a constraint on the withdrawal of *energy* by a *dispatchable load* subject to section 3.5.1.  $OPL_{k,h}$  utilizes the negative of each output from each component Operating Profit (OP) function so as to correct for negative revenue streams (owing to withdrawals of *energy*).

$OPL_{k,h}$  is calculated as follows:

$$OPL_{k,h} = \sum_{m,t} \left[ \begin{array}{l} -1 \times OP(\text{EMP}_h^{m,t}, \text{MQSW}_{k,h}^{m,t}, \text{BL}) - \\ \text{MAX} \left( -1 \times OP(\text{EMP}_h^{m,t}, \text{DQSW}_{k,h}^{m,t}, \text{BL}), -1 \times OP(\text{EMP}_h^{m,t}, \text{AQEW}_{k,h}^{m,t}, \text{BL}) \right) \end{array} \right]$$

During any *metering interval* 't' within *settlement hour* 'h' in which the mathematical sign of  $DQSW_{k,h}^{m,t} - \text{MQSW}_{k,h}^{m,t}$  is not equal to the mathematical sign of  $\text{AQEW}_{k,h}^{m,t} - \text{MQSW}_{k,h}^{m,t}$ , the component of  $OPL_{k,h}$  at location m, determined in accordance with section 3.1.4A, or *intertie metering point* 'm' for that *metering interval* 't' shall equal zero.

3.5.3 [Intentionally left blank]

3.5.4 Subject to section 5.3.4 of Chapter 5, during instances where  $\text{CMSC}_{k,h}$  is calculated at an *intertie metering point* at which a *market participant* is conducting an import or export transaction for a *physical service* that is subject to a *constrained off event* that is reflected in *dispatch instructions* issued by the *IESO* as a result of a request initiated by an entity other than the *IESO*, the *IESO* shall not calculate any portion of  $\text{CMSC}_{k,h}$  pertaining to the affected transaction for those *metering intervals* within *settlement hour* 'h' in which such conditions exist, and for greater certainty, during any *metering interval* in which:

3.5.4.1  $\text{MQSI}_{k,h,m,t}$  is not equal to  $\text{DQSI}_{k,h,m,t}$  as a result of such a constrained off event;

3.5.4.2  $\text{MQSW}_{k,h,m,t}$  is not equal to  $\text{DQSW}_{k,h,m,t}$  as a result of such a constrained off event; or

3.5.4.3 SQROR<sub>r,k,hm,t</sub> is not equal to DQSR<sub>r,k,hm,t</sub> as a result of such a constrained off event;

and irrespective of whether or not a *constrained on event* or a *constrained off event* was affecting the transaction in any preceding *metering interval*.

3.5.5 A DQSI, DQSW or DQSR, quantity as the case may be, that departs from its corresponding *market schedule* quantity due to the circumstances described in section 3.5.4 shall be denoted as such within the supporting data provided to the affected *market participant* as part of the content of *settlement statements* described in sections 6.5.3.1 and 6.5.3.2.

3.5.6 The *IESO* shall adjust, in the matrices specified in section 3.5.2 and for the purposes of determining the applicable congestion management *settlement* credit payments, any *offer price* that:

3.5.6.1 is associated with a *generation facility* or is associated with an injecting *boundary entity*; and

3.5.6.2 is less than a specified lower limit where such limit is the lesser of 0.00 \$/MWh and the *energy market price* for the applicable *dispatch interval*;

to that lower limit.

3.5.6A The *IESO* may adjust, in the matrices specified in section 3.5.2 and for the purposes of determining the applicable congestion management *settlement* credit payments, any *bid price* that:

3.5.6A.1 is associated with a *dispatchable load facility* or is associated with a withdrawing *boundary entity*;

3.5.6A.2 is less than the prices determined by the *IESO* in accordance with the applicable *market manual*; and

3.5.6A.3 is less than the *energy market price* in the applicable Ontario or *intertie zone* for the applicable *dispatch interval*;

to the lesser of the prices determined by the *IESO* in accordance with the applicable *market manual* and the *energy market price* in the applicable Ontario or *intertie zone*.

3.5.6B A registered market participant for a registered facility that is a dispatchable generation facility, who:

- increases the offer price associated with the generation facility minimum loading point for its minimum generation block run-time so that under Chapter 7 section 5.7.1.4 the registered market participant for the generation facility is no longer eligible for the applicable guarantee; and

- has received a manual constraint from the IESO for the generation facility under Chapter 7 section 6.3A.2 or 6.3A.4;

subject to section 3.5.6E, is not entitled to any inappropriate congestion management settlement credit, determined in accordance with section 3.5.2, associated with that offer price increase for settlement hour 'h', where settlement hour 'h' falls within the generation facility minimum generation block run-time. The IESO may recover such congestion management settlement credit in accordance with section 3.5.6E.

3.5.6C A registered market participant for a registered facility that is a dispatchable generation facility, who, for settlement hour 'h':

- is unable to comply with a dispatch instruction under section 7.5.3 of Chapter 7, to prevent endangering the safety of any person, equipment damage, or violation of any applicable law; and/or
- requests that the IESO apply a constraint to the dispatchable generation facility to prevent endangering the safety of any person, equipment damage, or violation or any applicable law, excluding constraints applied under Chapter 7 sections 6.3A.2 or 6.3A.4;

subject to section 3.5.6E, is not entitled to any inappropriate congestion management settlement credit, determined in accordance with section 3.5.2, resulting from the above actions for settlement hour 'h'. The IESO may recover such congestion management settlement credit in accordance with section 3.5.6E.

3.5.6D A registered market participant for a registered facility that is a dispatchable generation facility and is fuelled by a related generation facility, who, for settlement hour 'h':

- has received a constraint from the IESO for the dispatchable generation facility as per the applicable market manual; and
- submits or has submitted an offer price for that dispatchable generation facility for settlement hour 'h' greater than a specified limit defined in the applicable market manual;

subject to section 3.5.6E, is not entitled to any inappropriate congestion management settlement credit, determined in accordance with section 3.5.2, associated with that offer price for settlement hour 'h'. The IESO may recover such congestion management settlement credit in accordance with section 3.5.6E.

3.5.6E The IESO may recover congestion management settlement credits in accordance with sections 3.5.6B, 3.5.6C and 3.5.6D. In this situation, the IESO shall:

- notify the market participant of its intent to recover that congestion management settlement credit; and

- notify the market participant of the time, which shall not be less than five business days from the date of receipt of the notice, within which the market participant may make written representations in response to the IESO's intent.

On receiving a response from the market participant within the specified time period, or upon expiry of the specified time period within which no response is received from the market participant, the IESO shall either:

- determine the amount of the congestion management settlement credit to recover and notify the market participant accordingly; or
- gather further information as the IESO determines appropriate to determine the amount of the congestion management settlement credit to recover and notify the market participant accordingly of the determination.

The IESO shall redistribute any payments that are recovered in accordance with section 4.8.2.

3.5.7 [Intentionally left blank – section deleted]

## 4.8 Additional Non-Hourly Settlement Amounts

4.8.2 The IESO shall, at the end of each *energy market billing period*, distribute to *market participants*, on a pro-rata basis across all allocated quantities of *energy* withdrawn at all *RWMs* and *intertie metering points* during all *metering intervals* and *settlement hours* within that *energy market billing period*, the following amounts:

- 4.8.2.1 any compensation received by the IESO for the provision of *emergency energy* pursuant to section 4.4A.1 of Chapter 5;
- 4.8.2.2 any compensation received by the IESO as a result of a local market power investigation as set out in sections 1.7.1 and 1.7.2 of Appendix 7.6;
- 4.8.2.3 any adjustments to *intertie offer guarantee settlement* credits for wheeling through transactions, in accordance with section 3.5.8.1 of Chapter 7, calculated pursuant to section 3.8A.3;
- 4.8.2.4 [Intentionally left blank – section deleted]
- 4.8.2.5 any payments recovered by the IESO in accordance with sections 3.5.1A and 3.5.6E;

- 4.8.2.6 any adjustments made by the *IESO* in accordance with section 3.5.7 ~~of Chapter 9~~;
- 4.8.2.7 any adjustments to Transitional Demand Response Program payments pursuant to section 4.7C;
- 4.8.2.8 any proceeds from the day-ahead import failure charge that are not distributed as a component of *hourly uplift* under section 3.9.4;
- 4.8.2.9 any proceeds from the real-time import failure charge or the real-time export failure charge that in accordance with section 3.9.5 are not distributed as a component of *hourly uplift*;
- 4.8.2.10 any proceeds from the recovery of congestion management *settlement* credits or other *settlement amounts* in accordance with section 6.6.10A.2 of Chapter 3, excluding any payments recovered under section 4.18.1.6 of Chapter 8;
- 4.8.2.11 any recovery of day-ahead *intertie offer* guarantee payments pursuant to section 3.3A.13 of Chapter 7;
- 4.8.2.12 any adjustments to Emergency Load Reduction Program payments pursuant to section 4.7F; and
- 4.8.2.13 any recovery of payments made by the *IESO* under section 3.5.9.

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**PART 5 – IESO BOARD DECISION RATIONALE**

This amendment enables the IESO to recover “self-induced” CMSC payments from generators.