



## Market Rule Amendment Submission

This form is used to request an amendment to, or clarification of, the *Market Rules*. Please complete the first four parts of this form and submit the completed form by email or fax to the following:

Email Address: [Rule.Amendments@ieso.ca](mailto:Rule.Amendments@ieso.ca)  
 Fax No.: (416) 506-2847 Attention: Market Rules Group  
**Subject: Market Rule Amendment 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* will *publish this amendment submission* if the *Technical Panel* determines it warrants consideration and may invite public comment.

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 contact information in full.	
Name: <u>IESO Staff</u>	
(if applicable) <i>Market Participant / Metering Service Provider No.</i> <sup>1</sup> : _____	<i>Market Participant Class</i> : _____
Telephone: <u>905-855-6464</u>	Fax: _____
E-mail Address: <u>Rule.Amendments@ieso.ca</u>	

### PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: <u>Dispatch Data Submissions</u>	
Title: <u>Dispatch Data Price Changes Inside Mandatory Window</u>	
Nature of Request (please indicate with x)	
<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion
<input type="checkbox"/> Addition	<input type="checkbox"/> Clarification
Chapter: <u>7</u> Appendix: _____ Sections: <u>3.3</u>	
Sub-sections proposed for amending/clarifying: _____	

<sup>1</sup> This number is a maximum of 12 characters and does not include any spaces or underscore.

**PART 3 – DESCRIPTION OF THE ISSUE**

Provide a brief description of the issue and reason for the proposed amendment. If possible, provide a qualitative and quantitative assessment of the impacts of the issue on you and the *IESO-administered markets*. Include the Chapter and Section number of the relevant *market rules*.

Information submitted as a bid or offer is called dispatch data. Bids and offers have three main parts:

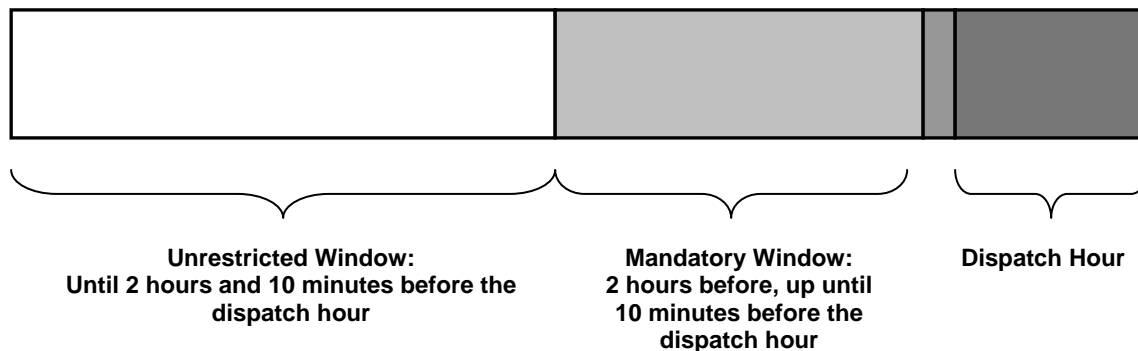
1. Price- Quantity Pairs
2. Ramp Rates
3. Resource – identifies where energy is to be withdrawn or energy will be provided from the grid.

Below is a summary of existing market rules regarding dispatch data from Chapter 7 - System Operations and Physical Markets:

Section(s)	Interpretation
3.3.3 3.3.4A	allows market participants (MPs) to make unrestricted changes to dispatch data up to two hours ahead of the dispatch hour (three hours for a hour-ahead dispatchable load);
3.3.5 3.3.6	restricts changes within two hours of the dispatch hour (mandatory window) to quantity changes only and only to prevent the facility from violating any law, endangering safety, damaging property or the environment. Such changes require IESO approval and the IESO is required to approve such changes provided reliability is not adversely affected;
3.3.8	requires MPs to update dispatch data if MP believes its facility will not be able to provide the scheduled quantity: not explicit on timing, price or quantity changes; IESO may refer such changes to the market surveillance panel (MSP);

The market rules are not explicit on the submission of “new” dispatch data for a facility for a dispatch hour where no dispatch data existed. This can occur when a market participant requires a facility to operate or to continue to operate in an hour in which the market participant has not submitted dispatch data. It is generally understood that revision of dispatch data includes submission of new dispatch data.

This diagram represents the bid/offer timeline:



Market participants have identified at least four situations this year, where the IESO has inconsistently treated market participants requests to submit new or revised dispatch data prices within the mandatory window to prevent the facility from violating any law, endangering safety, damaging property or the environment. The new or revised dispatch data includes price changes so that the MP can achieve the required dispatch.

**PART 3 – DESCRIPTION OF THE ISSUE**

Below are two examples of situations that have occurred this year:

1. A co-generation gas facility is scheduled for a shut-down and there will be a corresponding de-rating of other related generation facilities. For the dispatch hours of the shutdown, the market participant has no offers for the facility scheduled to be shut-down and submitted offers for the related facilities reflecting their expected reduced capability.

Close to shutdown time, within the mandatory window, a safety issue delays the shutdown, forcing the facility scheduled to be shutdown to remain at its normal output.

In this situation, the market participant requests to:

- submit new offers for the facility scheduled to be shutdown but forced to remain in-service; and
- change the offers, including price, for the related facilities as the existing offers do not have an appropriate price lamination to achieve the required dispatch.

2. A MP with hydroelectric generation facilities needs to revise their water management plan and operate the facilities for environmental reasons (e.g. maintain forebay level). The MP (i) may not have any offers in place for the facilities or (ii) the existing offers do not have an appropriate price lamination to achieve the required dispatch.

In this situation, the MP requests to change the offer price (or input new offers) for the affected facilities inside the mandatory window to achieve the required dispatch.

When these situations have occurred, the IESO has taken one of the two following actions:

**1: Not approving the submission of new or revised dispatch data price changes for the next dispatch hour but allowing the facilities to operate at the required levels**

The new and revised dispatch data would not take effect until 2 dispatch hours later. During that 2-hour period the following would occur:

- Where the MP has no offers, the IESO would not be able to constrain-on the facility scheduled for shutdown as market tools do not allow the application of constraints on facilities with no offers;
- Pre-dispatch sequence would assume the facility scheduled for shutdown is shutting down, and the capability of the related facilities will be reduced. Additional resources (e.g. imports) may then be scheduled to replace the assumed reduced capacity;
- Dispatch Scheduling Optimizer (DSO) will recognize output from the facility scheduled for shutdown as “generation without offers” and treat it as an increase in non-dispatchable load (Chapter 7, section 7.5.5.1);
- IESO manual intervention is required to ensure security limits are not violated as the DSO assumes the facilities are at their dispatch targets;
- Market prices are determined, in part, on basis of knowingly inaccurate dispatch data and facility dispatch; and
- IESO would constrain facilities with offers but constraining units to meet their required output level generates self-induced CMSC payments that may not be recoverable by the IESO.

**2: IESO approving new and revised offers and DSO dispatching facilities accordingly**

The new and revised dispatch data would take effect for the next dispatch hour resulting in:

- DSO having accurate dispatch data, scheduling resources appropriately, and respecting security limits;
- Economically dispatched units that do not result in CMSC payments;
- IESO manual constraints would be possible if necessary; and
- Market prices determined on basis of accurate dispatch data and facility dispatch.

**PART 4 – PROPOSAL (BY SUBMITTER)**

Provide your proposed amendment. If possible, provide suggested wording of proposed amendment.

The market rules should be amended to explicitly allow new or revised dispatch data price changes during the mandatory window to prevent facilities from operating in a manner that would violate:

- applicable law
- endanger the safety of any person or
- damage property or the environment.

The market rules should address the potential for gaming that could result from allowing such price changes. For example the market rules could specify either that:

- market participants may submit prices without restrictions but the IESO retains the right to refer such price changes to the Market Surveillance Panel for review; or
- market participants be restricted to offers that would result in the facility operating in a price-taking mode (e.g. default offer price of – \$2,000/MWh).

Explicitly allowing price changes in the mandatory window for these reasons would:

- provide clarity and transparency in the market rules that price changes are allowed in the mandatory window for specified reasons;
- ensure that the DSO algorithm and market pricing correctly reflects the capabilities of the facilities and accurate dispatch data;
- prevent self-generated CMSC payments to units that have been constrained up to meet their required output level; and
- explicitly identify that submission of dispatch data includes new in addition to revised data.

**PART 5 – FOR IESO USE ONLY**

*Technical Panel Decision on Rule Amendment Submission:* Warrants Consideration

MR Number: MR-00327-Q00

Date Submitted to *Technical Panel*: November 1, 2006

Accepted by *Technical Panel* as: (please indicate with x) Date:  
 General       Urgent       Minor November 7, 2006

Criteria for Acceptance: The amendment submission identifies ambiguity or confusion within the rules that cause interpretation confusion and leads to poor coordination of implementation or to future disputes. The amendment submission also satisfies the market principle of efficiency – accurate dispatch data would mean more efficient dispatch of resources and determination of market prices.

Priority: Medium

Criteria for Assigning Priority: The suggested change is a clarification that would remove ambiguity from the market rules and ensure consistent treatment of market participants.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

**PART 5 – FOR IESO USE ONLY**

*Technical Panel Minutes Reference:* IESOTP 194-1

*Technical Panel Comments:* The market rules should address the potential for gaming that could result from allowing dispatch data price changes. However, more investigation should be conducted to determine implications on the market from market participants' facility operating in a price-taking mode (e.g. default offer price of – \$2,000/MWh).