



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00327-R00		
Subject:	Dispatch Data Submissions		
Title:	Price Changes Inside the Mandatory Window		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	7	Appendix:	
Sections:	3.3		
Sub-sections proposed for amending:	3.3.6		

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel Review	November 28, 2006
2.0	Posted for Stakeholder Review	December 6, 2006
3.0	Submit for Technical Panel Vote	January 10, 2007
4.0	Recommended by Technical Panel; Submitted for IESO Board Approval	January 18, 2007
5.0	Approved by IESO Board	February 8, 2007
Approved Amendment Publication Date:	February 9, 2007	
Approved Amendment Effective Date:	March 7, 2007	

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 allow market participants to revise or submit new dispatch data prices during the 2 hour mandatory window for reasons of safety, environmental, legal or equipment damage.

The proposed change would result in dispatch of facilities and market pricing on the basis of more accurate dispatch data reflecting the capabilities of the affected facilities.

The proposed amendment is required also to provide transparency in the market rules that dispatch data price changes are allowed in the mandatory window for the specified reasons. This transparency would ensure consistent IESO treatment of such dispatch data change requests from market participants.

The amendment would also allow IESO to refer any dispatch data price changes made under the proposed rule to the Market Surveillance Panel for review.

Background

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 Resource – identifies where energy is to be withdrawn or energy will be provided from the grid.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:

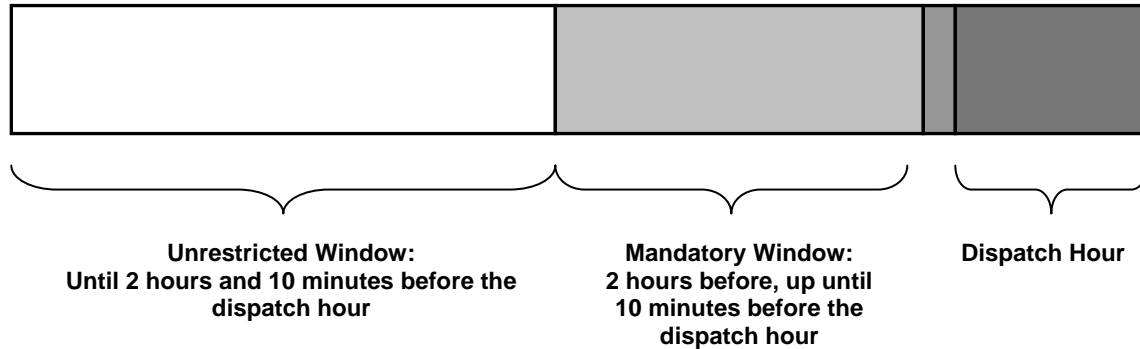
Section(s)	Interpretation
3.3.3 3.3.4A	allows market participants (MPs) to make unrestricted changes to dispatch data up to two hours ahead of the dispatch hour (three hours ahead of the dispatch hour for a hour-ahead dispatchable load);
3.3.5 3.3.6	restricts dispatch data changes within two hours of 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;

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

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data. It is generally understood that revision of dispatch data includes submission of new dispatch data.

The following diagram represents the bid/offer timeline:



Market participants have identified at least four situations this past 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 requested new or revised dispatch data included price changes so that the MP could achieve the required dispatch.

Below are two examples of situations that have occurred this past 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 market participant with hydroelectric generation facilities needs to revise their water management plan and operate the facilities for environmental reasons (e.g. maintain fore bay level). The market participant may not have any offers in place for the facilities or the existing offers do not have an appropriate price lamination to achieve the required dispatch.

In this situation, the market participant 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-

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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 a change 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 the basis of knowingly inaccurate dispatch data and facility dispatch; and

Where the MP has offers:

- 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 resulting in no self-induced CMSC payments;
- IESO manual constraints would be possible if necessary; and
- Market prices determined on basis of accurate dispatch data and facility dispatch.

Discussion

It is proposed to amend the market rules to allow market participants to revise or submit new dispatch data offer prices during the 2 hour mandatory window for reasons of safety, environmental, legal or equipment damage.

This amendment would be achieved by deleting section 3.3.6.2 of chapter 7 which currently restricts dispatch data changes within the mandatory window to quantity changes only.

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

- provide 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

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facilities and accurate dispatch data; and

- reduce self-induced CMSC payments to units that, without this amendment, would have to be constrained to meet their required output level.

It is proposed not to place any restrictions on the nature of the dispatch data price changes permitted, i.e. market participants may submit new or revised dispatch data price changes without restrictions. However, to address the potential for gaming and adverse impact to the market that could result from allowing such price changes, the market rules should specify that the IESO may refer any dispatch data price changes made under the proposed rule to the Market Surveillance Panel for review. This is consistent with the authority granted to the IESO under section 3.3.8 of chapter 7.

An alternative to referring the new or revised dispatch data to the Market Surveillance Panel would be to place some restrictions on the nature of the price changes allowed e.g. specify that market participants be restricted to offers that would result in the facility operating in a price-taking mode (default offer price of -\$2,000MWh). This approach is not proposed because the market participant's freedom to bid or offer as they choose appropriate is fundamental to the market. It is also anticipated that given the market participant's desire to achieve a required dispatch, the market participant will submit new or revised dispatch data at prices below expected market prices.

This amendment also proposes to make a formatting change to section 3.3.8 to provide clarity.

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- 3.3.5 Except as permitted by sections 3.3.4B, 3.3.8, 3.3.9.2 and 3.3.11, no *registered market participant* may, without the approval of the *IESO*, submit revised *dispatch data* with respect to any *dispatch hour* within 2 hours of that *dispatch hour* or, in the case of an *hour-ahead dispatchable load*, within 3 hours of that *dispatch hour*.

IESO Approvals of Revised Dispatch Data

- 3.3.6 Where pursuant to section 3.3.5, the approval of the *IESO* is required for the submission of revised *dispatch data*, the *IESO* shall, unless the change in quantity poses risks in relation to the *reliability* or *security* of the *electricity system*, approve the submission of revised *dispatch data* where:

3.3.6.1 [Intentionally left blank – [section deleted](#)]

3.3.6.2 [[Intentionally left blank – section deleted](#)]

~~the revision relates solely to the quantity element of the *dispatch data*; and~~

- 3.3.6.3 the *registered market participant* indicates, at the time of the submission of the revised *dispatch data*, that the revision is required in order to reflect a proposed change in the operational status of the

registered facility designed solely to prevent the *registered facility* from operating in a manner that would violate any *applicable law*, endanger the safety of any person or damage property or the environment. ~~;~~ and

The IESO may refer such changes or revision of *dispatch data* to the *market surveillance panel*.

3.3.8 Notwithstanding any other provision of this section 3.3 and with the exception of testing specified in section 6.6 of Chapter 5, a *registered market participant* shall as soon as practical submit to the IESO revised *dispatch data* for any *registered facility* in respect of which it is the *registered market participant* if, for any *dispatch hour* in the current *pre-dispatch schedule*, the quantity of any *physical service* scheduled for that *registered facility* differs from the quantity the *registered market participant* reasonably expects to be delivered or withdrawn by more than the greater of:

- ~~(i)~~ 2 percent;
 - ~~(ii)~~ such absolute amount as may be determined by the IESO based on considerations of *reliability* and *facility* specific characteristics;
 - ~~(iii)~~ _____ in the case of a *cogeneration facility* that is either a *dispatchable* or *self-scheduling generation facility*, such amount based on the impact that the production of the other forms of useful energy within the *facility* has on *energy* production based on the information outlined in section 2.2.6.10, and the IESO; and
 - ~~(iv)~~ _____ in the case of an *enhanced combined cycle facility* that is either a *dispatchable* or *self-scheduling generation facility*, such amount based on the impact that the recovery of waste heat from an industrial process/processes within the *facility* has on *energy* production based on the information outlined in section 2.2.6.10;
- ~~and the IESO:~~

3.3.8.1 shall, unless the change in quantity poses risks in relation to the *reliability* or *security* of the *electricity system*, include such change as an input in respect of any subsequent *market schedules* determined following receipt of the change; and

3.3.8.2 may refer such changes or revision of *dispatch data* to the *market surveillance panel*.

PART 5 – IESO BOARD DECISION RATIONALE

The proposed change would result in dispatch facilities and determination of market prices on the basis of more accurate dispatch data reflecting the capabilities of the affected facilities. The proposed amendment is required also to provide transparency in the market rules that dispatch data price changes are allowed in the mandatory window for the specified reasons. This transparency would ensure consistent IESO treatment of such dispatch data change requests from market participants.