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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	<b>MR-00327-R00</b>		
Subject:	<b>Dispatch Data Submissions</b>		
Title:	<b>Price Changes Inside the Mandatory Window</b>		
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
Approved Amendment Publication Date:		
Approved Amendment Effective Date:		

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

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.

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 Resource – identifies where energy is to be withdrawn or energy will be provided from the grid.

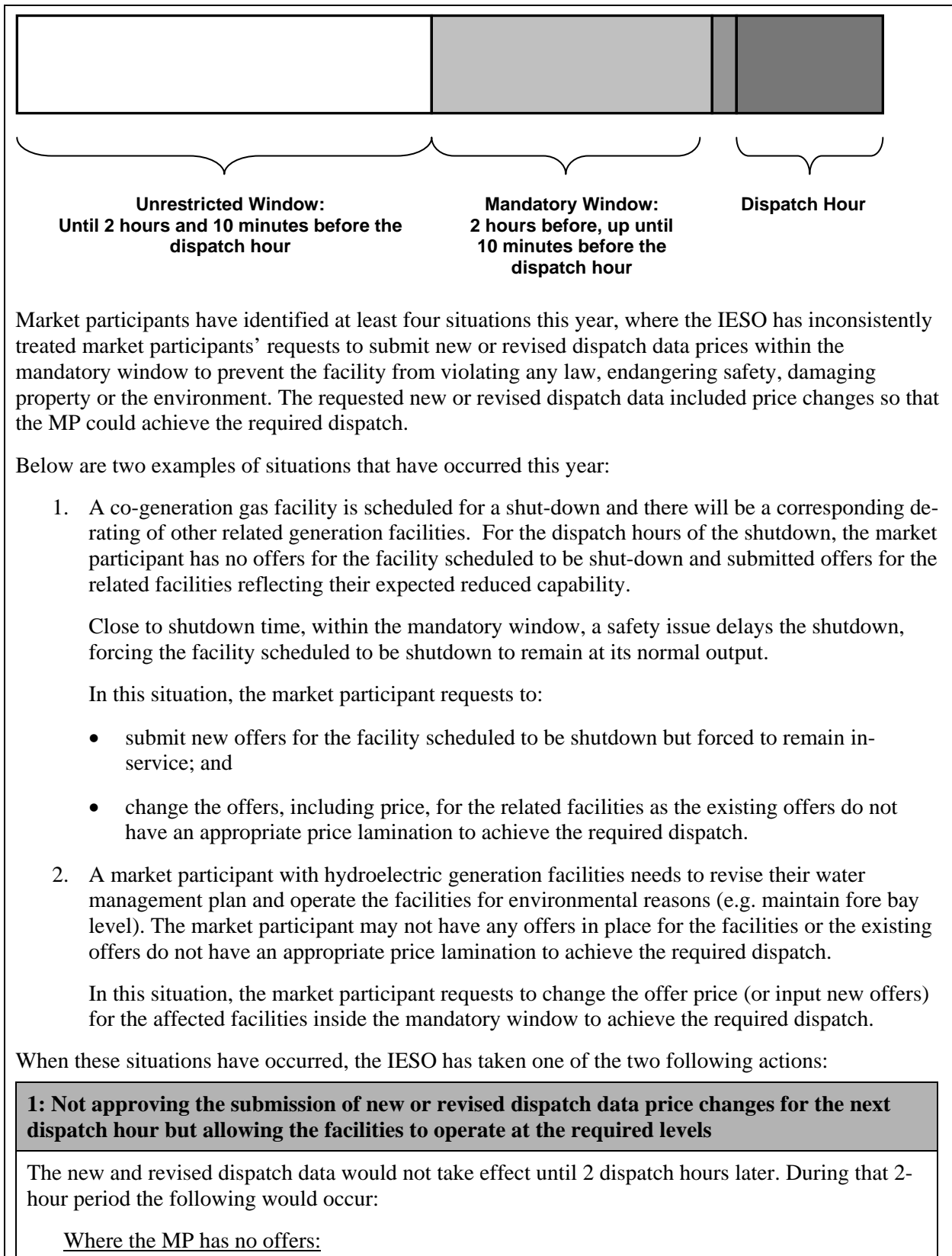
Below is a summary of existing market rules regarding dispatch data from Chapter 7 - System Operations and Physical Markets:

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 operate or to continue to operate in an hour for which the market participant had 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:

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- 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 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 facilities and accurate dispatch data; and
- reduce self-induced CMSC payments to units that have been constrained to meet their required output level.

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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 a fundamental of 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.

**PART 4 – PROPOSED AMENDMENT**

- 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

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

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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

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