



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00330-R00		
Subject:	Reliability Standards		
Title:	Mapping NERC Functional Model and Reliability Standards to the Ontario Market		
Nature of Proposal:	<input type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input checked="" type="checkbox"/> Addition
Chapter:	5	Appendix:	
Sections:	3		
Sub-sections proposed for amending:	3.2.5 (new)		

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel Review	March 22, 2007
2.0	Published for Stakeholder Review and Comment	March 29, 2007
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 obligate the IESO to identify, to each market participant, their Responsible Entity Designation(s) based on the North American Electric Reliability Corporation (NERC) Reliability Functional Model and to identify the reliability standards obligations that correspond to each Responsible Entity Designation. The purpose of the amendment is to clarify which reliability standards obligations apply to which market participants.

This amendment also proposes to clarify reliability-related information reporting requirements and remove an inconsistency between the current market rules and certain reliability standards with respect to the reporting of that information.

Thirdly, this amendment proposes to explicitly identify that the IESO's determination/identification of each market participant's Responsible Entity Designation(s) is subject to the dispute resolution process.

Lastly, it is also proposed to amend the market rule definition of "NERC". Effective January 1, 2007, the North American Electric Reliability Council and the North American Electric Reliability Corporation merged, with North American Electric Reliability Corporation being the surviving entity.

Background

With the advent of electricity industry restructuring, many vertically integrated utilities were separated into multiple entities performing various reliability functions. Therefore, the responsibility for some of the functions traditionally performed by control area operators was assigned to these other entities. Recognizing that there was no longer a common reliability organization structure, NERC and the industry developed a Reliability Functional Model ("NERC Functional Model")¹. This model provides the framework for assigning responsibilities associated with NERC reliability standards.

The NERC Functional Model defines "Responsible Entities" based on grouped activities or "Functions" that are required to reliably operate and plan the integrated power system. In turn, the new NERC reliability standards, which were developed from and replaced the NERC operating and planning policies, contain specific planning and operating requirements that are assigned to these Responsible Entities. An entity may have a single or multiple Responsible Entity designations depending on their facilities and activities. The NERC Functional Model also defines the relationship

¹ Version 3 was approved by NERC's Board of Trustees on February 13, 2007 and can be viewed at http://www.nerc.com/pub/sys/all_updl/oc/fmrtg/Function_Model_Version3_Board_Approved_13Feb07.pdf.

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

between and among the Responsible Entities.

Discussion

The proposed amendments would obligate the IESO to identify, in consultation with each market participant, the market participant's Responsible Entity Designation(s) based on the NERC Functional Model. The proposed amendments would also obligate the IESO to identify the reliability standards obligations that correspond to each responsible entity designation (refer to new section 3.2.5 of Chapter 5).

Market participants have indicated that the current market rules are not clear about which reliability standards obligations apply to which market participants. Greater clarity regarding the applicability of the more than one hundred reliability standards and multiple requirements within each standard is needed so that market participants can focus their efforts on complying with the appropriate standards obligations.

Because there is not a one-to-one mapping between the NERC Functional Model definitions and the existing market rule definitions and market participant classes, it's not appropriate to introduce all of the NERC Functional Model terminology into the market rules. Rather, the proposed change would serve to clarify market participants' reliability standards obligations while providing sufficient flexibility to determine Responsible Entity Designation(s) on a case-by-case basis for each market participant, depending on their facilities, activities, and operational impact on the bulk power system.

As for the specific wording of the proposed change, referring to the NERC Functional Model generically as a framework for assigning responsibilities is a simpler approach compared to using the specific term "NERC Functional Model" within the market rules. The former approach eliminates the need for:

- introducing a market rule definition for the NERC Functional Model, and
- a subsequent market rule amendment if the name of the framework changes in the future.

PART 4 – PROPOSED AMENDMENT

3.2 Obligations of the IESO

3.2.1 The *IESO* shall direct the operations of the *IESO-controlled grid* pursuant to the provisions of all applicable *operating agreements* and shall maintain the *reliability* of the *IESO-controlled grid*. The *IESO's* responsibilities in this regard shall include, but are not limited to, the monitoring of, and the issuing of orders, directions or instructions to *dispatch generation, dispatchable loads, distribution facilities* and *transmission facilities* on the *IESO-controlled grid*.

3.2.2 The *IESO* shall carry out its obligations in accordance with all applicable *reliability standards*.

3.2.3 In order to meet its obligations under this Chapter and under other provisions of the *market rules*, the *IESO* shall maintain written operating procedures and instructions and shall make same available for inspection at all times by *market participants*. The Board of Directors of the *IESO* may *amend* the *market rules* to include any such operating procedures and instructions within the *market rules*.

3.2.4 The *IESO* shall *publish* on a calendar month time-frame, six months from the end of each subject month, the monthly average *maximum continuous rating* of each generating station based on information provided to it by *market participants*. The *maximum continuous ratings* for generating stations with ratings less than 20 MVA can be aggregated by area.

3.2.5 The *IESO* shall identify:

3.2.5.1 in consultation with each *market participant*, the *market participant's* responsible entity designation(s) based on the *NERC* framework for assigning responsibilities associated with *NERC reliability standards*; and

3.2.5.2 the *reliability standards* obligations that apply to each responsible entity designation.

PART 5 – IESO BOARD DECISION RATIONALE

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Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00330-R01		
Subject:	Reliability Standards		
Title:	Mapping NERC Functional Model and Reliability Standards to the Ontario Market		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	5	Appendix:	
Sections:	14		
Sub-sections proposed for amending:	14.1.2		

PART 2 – PROPOSAL HISTORY – REFER TO MR-00330-R00

Version	Reason for Issuing	Version Date
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 clarify reliability-related information reporting requirements and remove an inconsistency between the current market rules and certain reliability standards with respect to the reporting of that information.

Background

Ontario's existing reliability and compliance framework for the electricity sector has been clarified with the signing of two joint memorandums of understanding (MOU) that set forth the mutual understandings of each of the signatories in relation to NERC's status as the Electricity Reliability Organization (ERO) in Ontario². One of those MOUs is between the Ontario Energy Board (OEB) and NERC; the other is between IESO, NERC, Northeast Power Coordinating Council Cross-Border Regional Entity, Inc.(NPCC CBRE) and Northeast Power Coordinating Council, Inc. (NPCC Inc.).

Both of the MOUs state that the IESO is:

- the sole entity in Ontario accountable to NERC for compliance with all NERC reliability standards applicable to Ontario, and
- responsible for providing to NERC, NPCC CBRE, and NPCC Inc. all information respecting reporting requirements contained in NERC reliability standards and NPCC Inc. regional reliability criteria.

The MOU between IESO, NERC, NPCC CBRE, and NPCC Inc. also states that:

- NPCC Inc. regional reliability criteria have effect in Ontario under the authority of the market rules, subject to the provisions of the market rules and applicable legislation, and
- if NERC, NPCC CBRE, or NPCC Inc. wish to directly obtain information from an Ontario entity other than the IESO, they will notify and discuss their request with the IESO.

The current market rules obligate market participants to provide information to the IESO for reliability

² The MOUs can be viewed at <http://www.ieso.ca/imoweb/ircp/ero.asp>. NERC Corporation was certified as the "electric reliability organization" by the Federal Energy Regulatory Commission on July 20, 2006. Effective January 1, 2007, the North American Electric Reliability Council and the North American Electric Reliability Corporation merged, with North American Electric Reliability Corporation being the surviving entity.

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

purposes (Ch 5, section 14.1.2). The market rules also require transmitters, wholesale customers, generators, distributors, and restoration participants to carry out their obligations in Chapter 5 in accordance with all applicable reliability standards - refer to Chapter 5, sections 3.4.2, 3.5.3, 3.6.2, 3.7.2, 11.3.6.3, respectively.

Since certain NERC Reliability standards require the responsible entity to submit information directly to NERC or a regional reliability organization (such as NPCC Inc.), this implies that market participants must also directly submit reliability-related information to NERC, NPCC CBRE, and NPCC Inc. in order to be compliant with the market rules. Therefore, there is an inconsistency between the current market rules and the MOU which states that the IESO has sole responsibility for providing reliability-related information to NERC, NPCC CBRE, and NPCC Inc.

Discussion

In order to clarify the reliability-related information reporting requirements, is proposed to amend Chapter 5, section 14.1.2 as follows:

- Specify that by submitting reliability-related information to the IESO, a market participant is considered to have fulfilled any requirement under a reliability standard to report such information to standards authorities, and
- Obligate the IESO to provide such reliability-related information to other standards authorities.

PART 4 – PROPOSED AMENDMENT

14. Information and Reporting Requirements

14.1.1 The *reliable* operation of the *IESO-controlled grid* requires the rapid and continuous flow of accurate information among the *IESO, market participants* and *interconnected systems*, with due regard for maintaining the confidentiality of information where appropriate. To that end, the *IESO* shall establish and periodically up-date and inform all *market participants* with respect to the specific information it requires from *market participants* for *reliability* purposes.

14.1.2 Each *market participant* shall provide the information referred to in section 14.1.1 to the *IESO* in the manner and within the time prescribed by the *IESO*. By submitting such information to the *IESO*, a market participant is considered to have fulfilled any requirement under a reliability standard to report such information to standards authorities. The *IESO* shall provide such information to other standards authorities, as required.

14.1.3 The *IESO* shall establish a catalogue of reporting requirements listing the *reliability*-related information to be exchanged between the *IESO* and *market*

- participants*. Such reporting requirements shall include, but not be limited to, the following:
- 14.1.3.1 each *market participant* shall report to the *IESO* the planned implementation of a change to a setting on a fixed-tap transformer. This information shall be reported to the *IESO* in writing one week prior to the date scheduled for implementation of such change, provided that where such change is effected on an unplanned, emergency basis, the information shall be reported to the *IESO* within one *business day* of implementation of the change;
 - 14.1.3.2 each *market participant* shall report to the *IESO* any change in equipment and *facilities* to that which has been provided pursuant to Chapter 4;
 - 14.1.3.3 each *market participant* shall report to the *IESO* a list of all of its equipment for which periodic maintenance has been performed on *special protection systems* in the previous 12 months, as required by relevant *standards authorities*. This information shall be reported no later than the first day of December in each year;
 - 14.1.3.4 each *market participant* shall provide to the *IESO* a report describing any modification proposed to be made to protection on a primary relay. The report shall be delivered to the *IESO* within one week of the date on which the *IESO* approves such modification pursuant to section 6 of Chapter 4, or, where the modification is effected on an unplanned, emergency basis, within one week of the date of modification;
 - 14.1.3.5 each *market participant* shall annually provide to the *IESO* a written summary of actions taken to control *demand* in the previous 12 months;
 - 14.1.3.6 each *market participant* shall annually provide to the *IESO* a written summary of automatic under-frequency load shedding activities taken in the previous 12 months; and
 - 14.1.3.7 each *market participant* shall annually provide to the *IESO* a report of *reliability*-related performance measures for transmission *facilities* and *connections* to the *IESO*-controlled *grid* in accordance with all applicable *reliability standards*.
- 14.1.4 Each *market participant* shall provide to the *IESO* such data as may be required by the *IESO* to enable it to satisfy a request by a *standards authority*.
 - 14.1.5 The *IESO* shall file such reports including, but not limited to, disturbance reports, and participate in such discussions as may be required by relevant *standards authorities*. Each *market participant* shall provide to the *IESO* such information

and reports as may be required by the *IESO* to facilitate preparation by the *IESO* of such disturbance reports.

PART 5 – IESO BOARD DECISION RATIONALE

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Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00330-R02		
Subject:	Reliability Standards		
Title:	Mapping NERC Functional Model and Reliability Standards to the Ontario Market		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	5	Appendix:	
Sections:	3, 11		
Sub-sections proposed for amending:	3.4.2, 3.5.3, 3.6.2, 3.7.2, 11.3.6.3		

PART 2 – PROPOSAL HISTORY – REFER TO MR-00333-R00

Version	Reason for Issuing	Version Date
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Approved Amendment Effective Date:		

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

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- 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
 Refer to MR-00330-R01

Background
 Refer to MR-00330-R01

Discussion
 The current market rules require transmitters, wholesale customers, generators, distributors, and restoration participants to carry out their obligations in Chapter 5 in accordance with all applicable reliability standards.

 In order to clarify market participant obligations with respect to the reporting of information associated with those reliability standards, it is proposed to amend each of those obligations such that they are subject to the information reporting requirements specified in section 14.1.2 of Chapter 5 (refer to R01).

PART 4 – PROPOSED AMENDMENT

3.4 Obligations of Transmitters

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3.4.2 Each *transmitter* shall carry out its obligations under this Chapter in accordance with all applicable *reliability standards*, [subject to the information reporting requirements specified in section 14.1.2](#).

3.5 Obligations of Wholesale Customers

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3.5.3 Each *wholesale customer* shall carry out its obligations under this Chapter in accordance with all applicable *reliability standards*, [subject to the information reporting requirements specified in section 14.1.2](#).

3.6 Obligations of Generators (Embedded and Non-embedded)

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3.6.2 Each *generator* shall carry out its obligations under this Chapter in accordance with all applicable *reliability standards*, [subject to the information reporting requirements specified in section 14.1.2.](#)

3.7 Obligations of Distributors

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3.7.2 Each *distributor* shall carry out its obligations under this Chapter in accordance with all applicable *reliability standards*, [subject to the information reporting requirements specified in section 14.1.2.](#)

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11.3 Ontario Power System Restoration Plan and Restoration Participant Attachments

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11.3.6 Each *restoration participant* shall ensure that its *restoration participant attachment*:

11.3.6.1 includes the elements described in section 11.3.7;

11.3.6.2 complies with such restoration planning criteria as may be designated by the *IESO*; and

11.3.6.3 complies with all relevant *reliability standards*, [subject to the information reporting requirements specified in section 14.1.2.](#)

PART 5 – IESO BOARD DECISION RATIONALE

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Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00330-R03		
Subject:	Reliability Standards		
Title:	Mapping NERC Functional Model and Reliability Standards to the Ontario Market		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	2	Appendix:	
Sections:	2.2		
Sub-sections proposed for amending:	2.2.1		

PART 2 – PROPOSAL HISTORY – REFER TO MR-00330-R00

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Summary

This amendment proposes to explicitly identify that the IESO’s determination/identification of each market participant’s Responsible Entity Designation(s) is subject to the dispute resolution process.

Background

Refer to MR-00330-R00

Discussion

The current market rules state that the dispute resolution process does not apply to “disputes between the IESO and a market participant relating to the standards, criteria or requirements established by a standards authority to the extent that an agreement with the relevant standards authority provides for an alternative dispute resolution mechanism.” (Chapter 3, section 2.2.3.7)

It’s appropriate that the IESO’s determination/identification of each market participant’s Responsible Entity Designation(s) would be subject to dispute resolution because the NERC Functional Model is not a standard. However, the identification of the specific reliability standards that corresponds to each Responsible Entity Designation (Chapter 5, section 3.2.5.2) would not be eligible for dispute, in accordance with Chapter 3, section 2.2.3.7.

It is proposed to add new section 2.2.1.9 in Chapter 3 to clarify that the dispute resolution provisions of the market rules would apply to the IESO’s determination/identification of each market participant’s Responsible Entity Designation(s).

PART 4 – PROPOSED AMENDMENT**2.2 Application**

2.2.1 Subject to sections 2.2.3 and 3.8 and to section 8.8.1 of Chapter 2, the dispute resolution regime provided for in this section 2 shall apply to:

- 2.2.1.1 any dispute between the *IESO* and any *market participant* which arises under the *market rules*, including with respect to any alleged violation or breach thereof, whether or not specifically identified in the *market rules* as a dispute to which this section 2 applies;

- 2.2.1.2 any denial by the *IESO* of authorization to any person to participate in the *IESO-administered markets* or to cause or permit electricity to be conveyed into, out of or through the *IESO-controlled grid*, as to the denial of such authorization;
- 2.2.1.3 an application by a *generator* for compensation pursuant to section 6.7.5 of Chapter 5 in respect of an *outage* rejected by the *IESO*;
- 2.2.1.4 a *reviewable decision*;
- 2.2.1.5 a request by a *market participant* for a *settlement statement re-calculation* pursuant to section 6.8.2A or section 6.8.9 of Chapter 9;
- 2.2.1.6 a dispute referred to in section 6.8.2B or section 6.8.9 of Chapter 9 with respect to which a *settlement statement re-calculation* is not requested;
- 2.2.1.7 any dispute between the *IESO*, on the one hand, and any *market participant, commissioning participant, connection applicant* or *metering service provider*, on the other hand, pursuant to the terms of any agreement or contract referred to in these *market rules* or in any policy, guideline or other document referred to in section 7.7 of Chapter 1 or any *market manual*, unless in respect of a given dispute the agreement or contract or the *licence* of a party to the dispute either provides for an alternative dispute resolution mechanism or provides that the dispute resolution regime provided in this section 2 shall not be applicable; ~~and~~
- 2.2.1.8 a dispute between *market participants* referred to in section 2.1A.6A of Chapter 9 in respect of the apportionment of *energy* associated with *connection station service* and with site specific losses; ~~and~~
- 2.2.1.9 the identification of a *market participant's* responsible entity designation(s) under section 3.2.5.1 of Chapter 5.

PART 5 – IESO BOARD DECISION RATIONALE

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Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00330-R04		
Subject:	Reliability Standards		
Title:	Mapping NERC Functional Model and Reliability Standards to the Ontario Market		
Nature of Proposal:	<input type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	11	Appendix:	
Sections:			
Sub-sections proposed for amending:			

PART 2 – PROPOSAL HISTORY – REFER TO MR-00330-R00

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PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

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- 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

It is proposed to amend the market rule definition of “NERC”. Effective January 1, 2007, the North American Electric Reliability Council and the North American Electric Reliability Corporation merged, with North American Electric Reliability Corporation being the surviving entity.

Background

Refer to MR-00330-R01

Discussion

Currently, the market rules define “NERC” as the North American Reliability Council. In order to align the market rule definition with the name of NERC’s successor company (i.e. the North American Electric Reliability Corporation), it is proposed to change the word “Council” to “Corporation”.

PART 4 – PROPOSED AMENDMENT

NERC means the North American Electric Reliability ~~Council~~Corporation;

PART 5 – IESO BOARD DECISION RATIONALE

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