



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00333-R00		
Subject:	Operating Reserve		
Title:	Permitting Dispatchable Load Facilities to Supply Synchronized 10-Minute Operating Reserve		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	5	Appendix:	
Sections:	4.5		
Sub-sections proposed for amending:	4.5.2		

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Submitted for Technical Panel Review	September 14, 2007
2.0	Incorporate Technical Panel Comments and Publish for Stakeholder Review and Written Comments	September 18, 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 would permit dispatchable loads to provide 10-minute synchronized operating reserve in accordance with operating reserve changes approved by the Northeast Power Coordinating Council, Inc. (NPCC) on July 17, 2007 and consistent with the non-discriminatory provisions of the *Electricity Act, 1998*. The existing market rules only permit dispatchable loads to provide 10-minute non-synchronized operating reserve and 30-minute operating reserve.

This change is expected to improve market efficiencies and the reliability of the IESO-controlled grid through increased competition for the provision of 10-minute synchronized operating reserve.

Background

The IESO is responsible for maintaining the reliability of Ontario's integrated power system in accordance with all applicable reliability standards, including those established by the NPCC. These standards are referenced in the market rules that govern the operation of the electricity marketplace and integrated power system. On July 17, 2007 NPCC approved a modification to its existing reliability standards to allow dispatchable/interruptible load facilities to provide synchronized operating reserve.

The NPCC Task Force on Coordination of Operation (TFCO) has investigated the potential use of dispatchable/interruptible load facilities providing synchronized reserve in response to requests from loads within NPCC to consider revisions to the existing definition of synchronized reserve that would allow their participation. The TFCO concluded that allowing loads to supply the synchronized portion of the 10-minute reserve requirement would not have a detrimental impact on the reliability of the Eastern Interconnection. For further information please refer to the TFCO Position Paper on the Use of Load as Synchronized Reserve [http://www.ieso.ca/imoweb/pubs/tp2007/TP204-3c_TFCO_Position_Paper_Use_of_DL_as_SR.pdf].

One of the guiding principles of the design of the Ontario market is fairness. The market should provide for open non-discriminatory access by all who meet reasonable publicly stated prudential and technical standards. There should be no artificial barriers to entry or exit. This principle is reflected in subsections 33(9) and 35(6) of the *Electricity Act, 1998*, which provide that a market rule should not unjustly discriminate against or in favour of a market participant or class of market participants. The Ontario Energy Board confirmed in its recent decision on the 3x ramp rate that unjust discrimination in the context of the *Act* "means unjust economic discrimination".

The analysis undertaken in respect of 10-minute synchronized reserve in MR-00332 identified economic efficiency benefits to allowing dispatchable loads to provide 10-minute synchronized operating reserve [<http://www.ieso.ca/imoweb/pubs/mr2007/MR-00332-CBA.pdf>] and the IESO has concluded there would be no detrimental reliability impact from allowing qualified dispatchable loads to supply 10-minute synchronized operating reserve. For these reasons the IESO believes there is no reasonable basis for the market rules to discriminate against qualified dispatchable loads providing this class of operating reserve, and hence no further development of a cost benefit analysis need be pursued

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

for MR-00333.

Currently there are 676 MW of dispatchable load registered in the IESO-administered markets. It is likely that not all current and future dispatchable loads would be eligible to participate in the provision of 10-minute synchronized reserve. For example, NPCC has specified that load facilities using a non-synchronized generator to reduce load are not eligible to provide synchronized reserve. Also the current 10-minute non-synchronized and 30-minute reserve registration requirements for dispatchable load are likely to be different than the registration requirements for 10-minute synchronized operating reserve. Not all loads may be able to meet these 10-minute synchronized operating reserve requirements. Loads which are not currently dispatchable would likely have to make additional investments to become eligible to be dispatchable, including the provision of all classes of operating reserve.

For further information please refer to MR-00333-Q00 [http://www.ieso.ca/imoweb/pubs/mr2007/MR-00333-Q00_Amendment_Submission_Published.pdf].

Discussion

It is proposed to amend section 4.5.12 of Chapter 5 of the market rules by deleting the reference to “dispatchable loads”. This deletion would, in turn, remove the existing prohibition in the market rules preventing dispatchable loads from offering 10-minute synchronized operating reserve services into the IESO-administered markets.

PART 4 – PROPOSED AMENDMENT

- 4.5.7 *Ten-minute operating reserve* is capacity that is available to the *integrated power system* in excess of anticipated requirements for *energy* and that can be made available and used within ten minutes. It includes resources that are either synchronised or non-synchronised with the *IESO-controlled grid*.
- 4.5.8 The *IESO* shall maintain sufficient *ten-minute operating reserve* to meet the requirements of all applicable *reliability standards*. This shall be at least equal to the largest first contingency loss sustainable on the *IESO-controlled grid*.
- 4.5.9 *Ten-minute operating reserve* shall be synchronised with the *IESO-controlled grid* to the extent required by all applicable *reliability standards*.
- 4.5.10 If, for any reason, there is a deficiency of *ten-minute operating reserve*, the *IESO* shall replace such *reserve* in accordance with the applicable *reliability standards* referenced in the *market manuals*.
- 4.5.11 The *IESO* shall, in accordance with Chapter 7, *publish* daily its estimates of the quantity of *ten-minute operating reserve* that is required for each hour of the following day.

| 4.5.12 A registered facility that is a ~~dispatchable load~~ or boundary entity that is used as ten-minute operating reserve shall be treated as operating reserve that is non-synchronised with the IESO-controlled grid.

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PART 5 – IESO BOARD DECISION RATIONALE

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