



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

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</i> No. ¹ : <u>N/A</u>	<i>Market Participant Class</i> : _____
Telephone: _____	Fax: _____
E-mail Address: Rule.Amendments@ieso.ca	

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: <u>Revenue Metering</u>	
Title: <u>Temporary No-Load Energization of Facilities without Registered Metering Installation</u>	
Nature of Request (please indicate with x)	
<input type="checkbox"/> Alteration	<input type="checkbox"/> Deletion
<input checked="" type="checkbox"/> Addition	<input type="checkbox"/> Clarification
Chapter: <u>9</u>	Appendix: _____ Sections: <u>2.1</u>
Sub-sections proposed for amending/clarifying: _____	

¹ 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*.

Background

The existing market rules (section 2.1 of Chapter 6 – see attachment A) do not allow the IESO to permit a person to convey electricity into, through or out of the IESO-controlled grid unless either:

1. The applicable connection point has a metering installation that (i) meets Chapter 6 requirements and (ii) has been registered with the IESO; or
2. the person will be allocated metering data from another registered wholesale meter by means of physical allocation data.

In 2007, there have been two situations where market participants constructing new facilities have requested temporary energization of a step-down transformer for commissioning purposes before the associated revenue metering installation has been registered with IESO. Use of physical allocation data was not applicable in these situations. The market participant is typically in the situation where significant cost and delay in the transformer commissioning would be incurred if they had to wait for the revenue metering installation to be registered.

For example, in one of the situations in 2007, the market participant was installing the transformer in a remote area. Commissioning crews were already on-site and no-load energization of the transformer was needed to continue the commissioning. Because of technical difficulties with the revenue metering installation, the metering installation was not registered with the IESO. The market participant would incur significant cost and delay if the participant had to wait until the metering installation was registered in order to complete the transformer commissioning. The significant costs included transportation of the commissioning crew out of and back to the remote area work site. These costs can be in the order of thousands of dollars. The delays can be for as long as many weeks.

The situations at issue are unforeseen. Typically the revenue metering installation is in progress, but problems arise, e.g. the metering installation cannot communicate with IESO systems, so that registration is not possible.

There about 24 new installations per year and the situations requiring temporary energization without a registered metering installation are infrequent. However, with the expected increase in new and modified connections for new generation, transmission and load facilities due to government initiatives and system upgrades, the frequency of such situations may increase.

The energy consumed for step-down transformer commissioning activities is usually very small (<100 kW), as the transformer is on “no load”. The energization is only for a short period of time, typically 24 to 48 hours. The cost of electricity consumed is small (~100\$/day). If the temporary energization occurred, the energy consumed but not metered would be treated as a transmission loss and would be paid by consumers as an uplift charge. Consumers are currently charged ~10 million\$/month for transmission losses. Therefore the increase in transmission losses uplift charges resulting from a temporary energization would be insignificant.

Available Options

The following options are currently available to address these situations.

PART 3 – DESCRIPTION OF THE ISSUE

1. IESO applies for an exemption from the relevant provisions of section 2.1 of Chapter 6. This is not practical given the unforeseen and temporary nature of the situations and the time required for an exemption application to be prepared and considered. Even an interim exemption, which could be granted in a timely manner, is not practical as the situation would have likely passed and an exemption no longer be required by the time the associated exemption request is formally considered by the IESO Board.
2. IESO denies the temporary energization and the market participant incurs the cost and delay in commissioning until the metering installation is registered. For one of the requests made in 2007, the IESO did deny the temporary energization.
3. IESO allows the temporary energization and is in non-compliance with the relevant provisions of section 2.1 of Chapter 6. In the other request made in 2007, the IESO did allow the temporary energization and reported the non-compliance to the Market Assessment and Compliance Division.

Preferred Solution

In the interests of reducing market participant costs and providing transparency regarding how future similar situations would be handled, the market rules should be amended to authorize the IESO to permit the temporary energization (no load) of a step-down transformer for commissioning purposes without the associated revenue metering installation being registered. The market rules should specify the circumstances and conditions under which the IESO would exercise that authority so that:

1. exercise of this IESO authority would not become a substitute for poor project planning and management on the part of the market participant; and
2. the impact on the rest of market participants through increased uplift charge is minimized.

Charging a Fee

During Technical Panel discussion of this issue on September 18, 2007, a Panel member suggested that consideration be given to the IESO charging a fee to the market participant for the temporary power. The fee would not be intended to offset the increased transmission losses uplift charges that would result from the temporary energization, but rather be a deterrent to such requests. As such, charging a fee would assist in meeting the above goal that the use of temporary power should not be a substitute for poor project planning and management on the part of the market participant.

PART 4 – PROPOSAL (BY SUBMITTER)

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

Amend market rules to authorize IESO to permit temporary energization under following conditions:

- connection to the IESO-controlled grid would be strictly for the purposes of energizing a step-down transformer for commissioning activities, not for load;
- the energization would be for a brief period of time (typically 24-48 hours); and
- the IESO would determine whether to grant the temporary energization on the basis of factors specified in the applicable market manual. The detailed factors that would be included in the market manual include the following:

PART 4 – PROPOSAL (BY SUBMITTER)

- a. the IESO is in receipt of the manufacturer’s no load losses from the transformer test report;
- b. the participant specifies the energization date, start time and expected duration;
- c. the IESO is satisfied that the situation causing the temporary energization request is not the result of the lack of due diligence on the part of the market participant with respect to the revenue metering installation registration;
- d. the IESO is satisfied that the installation and registration of revenue metering installation for the facility is progressing appropriately; and
- e. the IESO is in receipt of the revenue metering registration documents.

The market rules should be amended to authorize the IESO to allow the temporary energization for a period of time specified by the IESO.

The market rules should be amended to obligate the market participant, once IESO authorization is granted, to not exceed the time period specified by the IESO and to energize the step-down transformer only on “no-load”.

The market rules should also be amended to address the following situations:

- If the energization lasts longer than period specified by the IESO, the IESO would bill the market participant based on no load losses (using the transformer manufacturer’s no load loss report) for the entire energization period.
- If the person places the transformer on load without the metering installation being registered, the IESO would bill the person for entire energization period (no load losses for period up to placing transformer on load, and IESO estimate for period thereafter).

PART 5 – FOR IESO USE ONLY

Technical Panel Decision on Rule Amendment Submission: Warrants Consideration

MR Number: MR-00339

Date Submitted to *Technical Panel*: 10 Oct 2007

Accepted by *Technical Panel* as: (please indicate with x)

Date:

General Urgent Minor

16 Oct 2007

Criteria for Acceptance:

It identifies ways to reduce market participant costs. Allowing the temporary energization of the step-down transformer during commissioning will reduce participant commissioning costs.

Priority: Low

Criteria for Assigning Priority:

1. Pervasiveness of the problem: the situations where a market participant may request temporary energization are not frequent, but could increase given the expected increase in the number of new connections.
2. Practical consequences: based on preliminary feedback from the Revenue Metering Standing Committee and the Technical Panel there appears to be general acceptance that the identified issue needs to be addressed and that granting the IESO the suggested authority is an appropriate solution.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

Technical Panel Minutes Reference: IESOTP 207-1

Technical Panel Comments:

Concern that treating as a low priority may result in situations where temporary energization is required but still not be permitted under the existing market rules.

Concern that too much “process” being suggested in Part 4.

Attachment A

Extract from Chapter 6 of the Market Rules

2. Requirements for Metering Installations

- 2.1.1 Subject to section 2.1.3, the *IESO* shall not permit a person to participate in the *real-time markets* or the *procurement markets* or to cause or permit electricity to be conveyed into, through or out of the *IESO-controlled grid* in respect of a *connection point*, other than an *interconnection*, or in respect of an *embedded connection point* unless the *IESO* is satisfied that:
- 2.1.1.1 the *connection point* or *embedded connection point* has a *metering installation* that, subject to section 4.4, complies with the requirements of this Chapter and of any policy or standard established by the *IESO* pursuant to this Chapter;
 - 2.1.1.2 if the person is or will be the *metered market participant* for the *metering installation* referred to in section 2.1.1.1:
 - a. the person has entered into an agreement under section 3.1.2.2(a) in relation to the *metering installation* or is a registered *metering service provider*; and
 - b. if the person is also an *embedded market participant*, has advised the relevant *distributor* or *transmitter* of the entering into of the agreement referred to in section 2.1.1.2(a); and
 - 2.1.1.3 either
 - a. such *metering installation* has been and continues to be registered with the *IESO* in accordance with the procedures referred to in section 6.1.2., or
 - b. such *metering installation* has been registered with the *IESO* in accordance with the procedures referred to in section 6.1.2 and the registration has expired provided that the *IESO* determines that the continued use of the *metering installation* is necessary for the efficient operation of the *IESO-administered markets*.
- 2.1.2 Subject to section 2.1.3, the *IESO* shall refuse to permit a person to participate in the *real-time markets* or the *procurement markets* or to cause or permit electricity to be conveyed into, through or out of the *IESO-controlled grid* in respect of any *connection point*, other than an *interconnection*, or an *embedded connection point* if the conditions set forth in section 2.1.1 are not satisfied. Such refusal is a *reviewable decision*.

- 2.1.3 Section 2.1.1 and 2.1.2 shall not apply in respect of a person, other than a person that is or will be the *metered market participant* for a *metering installation*, that demonstrates to the satisfaction of the *IESO* that it will for *settlement* purposes have allocated to it *metering data* by means of *physical allocation data* submitted by a *metered market participant* in accordance with section 2.4 of Chapter 9.
- 2.1.4 This Chapter applies in respect of a *metering installation* that measures the consumption of *energy* in accordance with section 2.1A.1 of Chapter 9.