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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	<b>MR-00339-R00</b>		
Subject:	<b>Revenue Metering</b>		
Title:	<b>Temporary No load Energization of Facilities without Registered Metering Installation</b>		
Nature of Proposal:	<input type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input checked="" type="checkbox"/> Addition
Chapter:	6	Appendix:	
Sections:	2		
Sub-sections proposed for amending:			

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	For Technical Panel Review	November 13, 2008
2.0	Published for Stakeholder Review and Comment	November 18, 2008
3.0	Draft for Technical Panel Vote	December 10, 2008
4.0	Recommended by Technical; Submitted for IESO Board Approval	December 16, 2008
5.0	Approved by IESO Board	February 12, 2009
Approved Amendment Publication Date:	12 Feb 09	
Approved Amendment Effective Date:	3 Jun 09	

### 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

The amendment proposes changes to the market rules to authorize the IESO to permit a market participant to withdraw electricity on a temporary basis for the energization of equipment associated with the connection point without a registered wholesale meter. The energization will be allowed for maximum of 48 hours and the amount of energy consumed is expected to be very small. Therefore, the cost of electricity consumed will be insignificant to the market which would be treated as transmission loss and paid as an uplift charge by consumers. The proposed amendment is in the interests of reducing market participant cost and delay in commissioning of equipment associated with the connection point without a registered revenue metering installation. Further, it will provide transparency regarding how similar situations, infrequent in nature, would be handled in future.

#### Background

The existing market rules (section 2.1 of Chapter 6) 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 situations at issue are unforeseen. Typically the registration of the revenue metering installation is in progress, but not yet complete.

There are approximately 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.

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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 (~150\$/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.

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 connection equipment (e.g. a step-down transformer) for commissioning purposes without the associated revenue metering installation being registered. The IESO would exercise such 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 charges 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.

#### **Discussion**

Under the proposed market rule amendment, section 2.1.5 is added to Chapter 6. Section 2.1.5 would authorize the IESO to permit a market participant to withdraw electricity on a temporary basis provided that:

- The IESO determines that the market participant’s request meets the conditions specified in the

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applicable market manual; and

- The market participant provides the IESO with information specified in the applicable market manual.

The proposed amendment would authorize, but not require, the IESO to permit the temporary withdrawal. The utilization of this authority is intended to be the ‘exception’, and this temporary withdrawal should not lessen the existing requirements of the participant having an RWM prior to energization.

Section 2.1.5 would authorize the IESO to specify conditions in a market manual under which the temporary withdrawal may occur and obligate the market participant to meet those conditions. It is expected that the IESO would impose these conditions which are specified in the applicable market manual. Due to the expected infrequent and dissimilar nature of these requests, the IESO should have the flexibility to specify the conditions it determines appropriate to the situation.

Again, due to the expected infrequent and dissimilar nature of these requests, it is proposed that the information requirements for consideration would be specified in the applicable market manual. This provides more flexibility to the IESO to identify the required information for each request as compared to specifying the information requirements in the market rules.

**PART 4 – PROPOSED AMENDMENT**

## 2. Requirements for Metering Installations

- 2.1.1 Subject to sections [2.1.3](#) and [2.1.5](#), 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.

**Temporary Withdrawal of Electricity without a Registered Wholesale Meter**

**2.1.5 The *IESO* may permit a *market participant* to withdraw electricity temporarily from the *IESO-controlled grid* at a *connection point* without a *metering installation* being registered with the *IESO* for that *connection point* under the conditions specified in the applicable *market manual*.**

**PART 5 – IESO BOARD DECISION RATIONALE**

The amendment is expected to reduce market participant cost and delay in commissioning of equipment associated with the connection point without a registered revenue metering installation. Further, it will provide transparency regarding how similar situations, infrequent in nature, would be handled in future.