



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: IESO Staff

(if applicable) *Market Participant /*

Market Participant Class:

*Metering Service Provider No.*¹: N/A

N/A

Telephone: 905-855-6464

Fax: 905-855-6371

E-mail Address: Rule.Amendments@ieso.ca

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: Market Administration

Title: Market Rules Content Policy

Nature of Request (please indicate with x)

Alteration

Deletion

Addition

Clarification

Chapter: 1

Appendix: _____

Sections: 4.2A (new)

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*.

It is proposed that the market rules be amended to include a market rules content policy that would specify the scope and content of the market rules. Such a policy would provide greater transparency and promote consistency within the market rules.

Introducing the market rules content policy as a market rule amendment ensures that the policy and any future changes to the policy are transparent and subject to the market rule amendment stakeholder consultation and regulatory review processes.

Background

The IESO engaged an independent consultant to review the market documentation that governs Ontario's wholesale electricity market, identify users' issues, and make recommendations for improvements. One of the conclusions of the review was that the market rules are difficult to interpret and use, due in part to the lack of a policy specifying what belongs in the market rules versus market manuals. It was recommended that a market rules content policy be developed in order to provide greater clarity and promote consistency within the market rules.

As a result of the consultant's recommendation, the IESO developed a draft market rules content policy and published that document for stakeholder review and comment. The draft policy (see attached) reflects stakeholder comments that were received during discussions with the Technical Panel and the Market Operations Standing Committee (MOSC). Stakeholders indicated that IESO efforts to implement the policy should not defer higher priority work and that a market manual consultation process that is transparent and allows for meaningful stakeholder input must be established before the policy is approved.

In view of Technical Panel and MOSC members' feedback, the IESO deferred seeking approval of the draft market rules content policy.

In August 2007, the IESO commenced a review of its existing stakeholder engagement principles and processes, including the market manual change process, as part of its ongoing commitment to effective and open dialogue with its stakeholders (refer to Stakeholder Engagement Plan [SE-49 Review of IESO Stakeholder Engagement Principles and Process](#)). Since such a review is underway, the IESO believes now is an appropriate time to resume formal discussion with stakeholders on the market rules content policy. A separate Stakeholder Engagement Plan has been developed for this initiative – refer to [SE-46 Market Rules Content Policy](#).

With respect to the application of the market rules content policy, it is proposed that the policy would be implemented on a going-forward basis. That is, those sections of the market rules under review as part of a proposed market rule amendment would be re-written in a manner consistent with the policy. This approach would balance the need for promoting greater clarity and consistency in the market rules while ensuring efforts to implement the policy do not defer higher priority work. Stakeholders would always be free to seek a market rule amendment in particular cases where they believe there is a serious imbalance.

PART 4 – PROPOSAL (BY SUBMITTER)

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

Amend Chapter 1 of the market rules by introducing a new section 4.2A to specify the scope and content of market rules. The provisions would specify that market rules should specify rights, authorities and obligations of the IESO and market participants (the ‘what’) while detailed procedures and processes should be contained in market manuals (the ‘how’). See pages 2 and 3 of the attached for suggested wording of the proposed amendments.

The amendment would also provide that any existing rule is not invalidated nor is anyone relieved of any rights, authorities or obligations because of it not conforming to the policy.

PART 5 – FOR IESO USE ONLY

Technical Panel Decision on Rule Amendment Submission: Warrants consideration

MR Number: MR-00340

Date Submitted to *Technical Panel*: October 11, 2007

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

Date:

General Urgent Minor

October 16, 2007

Criteria for Acceptance:

It identifies ambiguity or confusion within the rules that cause interpretation confusion. Based on stakeholder feedback, an independent consultant concluded that the rules are difficult to interpret and use, due in part to the lack of a policy specifying what belongs in the market rules versus market manuals. A market rules content policy would provide greater clarity and promote consistency within the market rules.

Priority: Medium

Criteria for Assigning Priority:

1. Pervasiveness of the problem: All market participants would benefit from the transparency afforded by a market rules content policy since all market participant are subject to the market rules.
2. Practical consequences: Based on feedback from the Technical Panel and other stakeholders, there is general acceptance that the identified issue should be addressed.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

Technical Panel Minutes Reference: IESOTP 207-1

Technical Panel Comments: A description of what is contained in the market rules, market manuals, and other documents is needed in order to understand the relationship between these documents and the conditions under which obligations would be contained in documents other than the market rules.



Power to Ontario. On Demand.

Content of Market Rules

Level of Detail

Draft for Technical Panel Review

Policy

The purpose of this policy is to more clearly delineate the scope and content of the market rules from related documentation such as the market manuals.

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This document may contain a summary of a particular *market rule*. Where provided, the summary has been used because of the length of the *market rule* itself. The reader should be aware, however, that where a *market rule* is applicable, the obligation that needs to be met is as stated in the “Market Rules”. To the extent of any discrepancy or inconsistency between the provisions of a particular *market rule* and the summary, the provision of the *market rule* shall govern.

Document ID	IESO_POL_00XX
Document Name	Content of Market Rules
Issue	Draft for Technical Panel Review
Reason for Issue	Draft for discussion purposes
Effective Date	

Document Change History

Issue	Reason for Issue	Date
1.0	Submit for Technical Panel review and comment	March 16, 2005
2.0	Submit for Technical Panel review	April 7, 2005
3.0	Incorporate Technical Panel Comments and Submit for MOSC Review	April 13, 2005
4.0	Submit for Technical Panel review	February 1, 2007
5.0	Incorporate Technical Panel Comments and Submit for Technical Panel Review	October 11, 2007

Related Documents

Document ID	Document Title

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1. Introduction

1.1 Purpose

The purpose of this policy is to provide the framework for improving market documentation in order to facilitate a better understanding of the IESO-administered markets by market participants, IESO staff and others with an interest in the markets. Specifically, the purpose of this policy is to delineate the scope and content of the market rules from related documentation such as the market manuals.

Market participants and others canvassed on their experience to date with the market rules advise that the market rules are difficult to interpret and use. The problems are caused by a combination of factors – in particular the volume of information, the difficulty of finding relevant information easily, and the complex legal language. There is also inconsistency in the amount of detail set out in certain market rules as compared to other market rules and also in the market rules as compared to that found in the market manuals. A recent independent assessment concludes:

- The market rules are extremely long and contain too much detail.
- There is no established policy specifying what should be in the market rules versus the market manuals.

Clearly, the market rules are at the core of the IESO-administered markets. Having a policy in place would promote consistency and provide added clarity within the market rules.

1.2 Scope

This policy applies to the market rules and accompanying appendices that govern the operations of both the IESO-administered markets and the IESO-controlled grid. While this policy applies to the market rules, it will also have an impact on related market manuals. With less detail contained in the market rules, more information may be needed in these related companion documents to ensure that all information is documented and available. If the market rules are to be drafted at a higher level, additional material may¹ have to be added to related documents such as market manuals to facilitate an understanding of the IESO - administered markets.

– End of Section –

¹ This applies mainly to new market rules as the present manuals contain much of the detail contained in the present rules.

2. Governing Principles

- a. “The objectives of the *market rules* are to govern the *IESO-controlled grid* and to establish and govern efficient, competitive and reliable markets for the wholesale sale and purchase of electricity and *ancillary services* in Ontario”².
- b. The market rules specify the rights, authorities and obligations of market participants and the IESO. The market rules also specify conditions under which rights and authorities may be exercised and obligations must be met.
- c. The market rules are critical to both the efficient operation of the IESO-administered markets and ~~or~~ the reliable operation of the IESO-controlled grid.
- d. The market rules contain provisions necessary to understanding the market rules themselves such as definitions and rules of interpretation.
- e. The market rules should strive to avoid duplicative obligations on market participants or the IESO with other regulatory requirements to the extent possible, recognizing the existing governance structures in the sector.

– End of Section –

² Chapter 1, section 4.1.1 of the market rules. The legislative authority of the market rules is derived from legislation (section 32 (1) of the Electricity Act, 1998).

3. Decision Rules

- a. Market rules shall describe **what** the rights, authorities and obligations are of market participants and the IESO, and the conditions under which those rights and authorities may be exercised and those obligations must be met.
- b. Market rules should describe **how** or **when** those rights, authorities and obligations are to be fulfilled only to the extent that a description is necessary to the understanding of rights, authorities and obligations of market participants and the IESO.
- c. Market rules should describe process only to the extent that a description of process is necessary to the understanding of rights, authorities and obligations of market participants and the IESO.
- d. To the extent practical there should be a consistent level of detail within the market rules. Other than for the determination of settlement amounts, the use of appendices should be avoided. The listing of technical requirements or specifications, performance and other standards, data lists and, except as permitted under this policy, the use of mathematical formulations, should be avoided.
- e. The IESO is accountable for determining settlement amounts effectively and efficiently as required by the market rules. Settlement equations shall be stated in the market rules, but go into an appendix together with a descriptive overview. The equations shall be described in both words (i.e. word equations) and in mathematical terms. If there is a discrepancy between the two, the mathematical equation prevails.
- f. For determining whether information, other than rights, authorities and obligations, is to be included in the market rules, the following criteria are to be considered:
 - i. Potential for significant financial impact on market participants;
 - ii. Potential for significant impact on the reliable operation of the IESO-controlled grid;
 - iii. Necessary for understanding the market rules; ~~or~~
 - iv. Necessary for avoiding disputes; or
 - v. Necessary for operation of the market.

– End of Section –

4. Accountabilities

- a. The IESO Technical Panel and the Chair of the Technical Panel, are accountable for ensuring that the market rules submitted for IESO Board approval satisfy this policy.
- b. IESO staff are accountable for ensuring that proposed amendments to the market rules that are submitted for review and endorsement by the Technical Panel satisfy this policy.

– End of Document –