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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	<b>MR-00345-R00</b>		
Subject:	<b>Reliability</b>		
Title:	<b>Align Market Rule Definitions of Reliability Related Terms with Bill 44</b>		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	11	Appendix:	
Sections:			
Sub-sections proposed for amending:			

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	For Technical Panel review	7 May 2008
2.0	Published for Stakeholder Review and Written Comment	13 May 2008
3.0	Submit for Technical Panel Review and Vote	6 June 2008
4.0	Recommended by Technical panel. Submitted for IESO Board Approval	10 June 2008
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

Amendments to the definitions of ‘reliability standards’ and ‘standards authority’ are proposed in order to align the market rules with Bill 44, which established the authority of the Ontario Energy Board to review and remand reliability standards.

The amendments would remove any confusion as to when new or revised reliability standards come into effect in Ontario.

#### Background

The Ontario government recently introduced legislation (Bill 44)<sup>1</sup> that would establish the Ontario Energy Board (OEB) authority to review and remand reliability standards. The relevant portions of Bill 44 are attached (see Attachment A). Under this legislation the following process will be required:

1. A standards authority approves a new/amended reliability standard, with an effective date.
2. Within seven days of the approval of the new/amended reliability standard, the IESO is required to publish the new/amended reliability standard on the IESO public website. The IESO would also notify market participants of the publication of the new/amended reliability standard<sup>2</sup>.
3. There is a 21 day window for any person, including the IESO, to apply to the OEB for review of the new/amended standard. The OEB would also be able to initiate its own review within 21 days or longer time period prescribed by regulation.
4. If there is no review requested or initiated, the new/amended standard would go into effect upon the effective date of the reliability standard.

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<sup>1</sup> The remand legislation included as Schedule G of the Budget Measures and Interim Appropriation Act, 2008 (Ontario).

<sup>2</sup> The legislation provides for regulation to require the IESO to notify market participants. In absence of this regulation, the IESO is committed to notify market participants of the publication of a new /amended reliability standards subject to the legislation’s authority using the normal notification processes. It should also be noted that the IESO is already obligated under the market rules (sections 3.2.5 through 3.2.7 of Chapter 5) to advise market participants of the reliability standard obligations that apply to the participant.

**PART 3 – EXPLANATION FOR PROPOSED AMENDMENT**

5. If a review is requested or initiated, the OEB may stay the application of the new/amended revised reliability standard, using the criteria specified in the legislation.
6. If a new/amended standard is reviewed, the OEB determines if:
  - a. the new/amended standard is inconsistent with the purposes of the Electricity Act, 1998; or
  - b. the new/amended standard unjustly discriminates against or in favour of an Ontario market participant or class of market participants.

If either of these conditions applies, the OEB must revoke/disallow the standard from applying in Ontario and to refer it back to the standards authority that approved the standard.

7. If a new/amended standard is reviewed, the OEB could also determine that there is a need to coordinate with other jurisdictions regarding the reliability standard. If this determination is made, the OEB has the discretion to revoke/disallow the standard from applying in Ontario and refer it back to the standards authority.

The following new or revised definitions of the following terms were included in this legislation:

“reliability standard” means a standard or criterion, including an amendment to a standard or criterion, relating to the reliable operation of the integrated power system that is approved by a standards authority;

“standards authority” means the North American Electric Reliability Corporation or any successor thereof, or any other agency or body designated by regulation that approves standards or criteria applicable both in and outside Ontario relating to the reliability of transmission systems;

This legislation is not retroactive i.e. it does not apply to reliability standards in effect at the time the legislation is enacted. Amendments made going forward to existing reliability standards would be subject to the Bill 44 provisions, as well as any new reliability standards.

The legislation currently only applies to reliability standards approved by the North American Electricity Reliability Corporation (NERC), as NERC is the only standards authority currently identified in the legislation. Included in this category of standards are regional reliability standards developed by regional councils, such as the Northeast Power Coordinating Council (NPCC) and subsequently approved by NERC.

This application is consistent with the remand regime within the United States, as only NERC standards and NERC approved regional reliability standards are subject to review and remand by the federal regulator (FERC). In order for the OEB to obtain remand authority for NPCC regional reliability standards (i.e. criteria), either NPCC must be identified through regulation as a standards authority or the NPCC criteria would require NERC approval. It should be noted that, over time, NPCC criteria are expected to become subject to NERC approval so that mandatory compliance with those criteria can be enforced within the NPCC region. These NPCC criteria would then be NERC approved and be subject to OEB remand authority under Bill 44.

**Existing Market Rules**

The existing market rule definitions of reliability standards and standards authority are as follows:

“*reliability standards*” means the criteria, standards and requirements relating to *reliability* established by a *standards authority*, together with those set forth in these *market rules* or otherwise established by

### PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

the *IESO* in accordance with these *market rules*;"

"*standards authority* means the North American Electric Reliability Corporation, any successor thereof, or any other agency or body that recommends standards or criteria relating to the *reliability* of *transmission systems*;"

The existing market rule definitions of reliability standards and standards authority are as follows:

"*reliability standards* means the criteria, standards and requirements relating to *reliability* established by a *standards authority*, together with those set forth in these *market rules* or otherwise established by the *IESO* in accordance with these *market rules*;"

"*standards authority* means the North American Electric Reliability Corporation, any successor thereof, or any other agency or body that recommends standards or criteria relating to the *reliability* of *transmission systems*;"

The existing "reliability standards" market rule definition states that standards authorities may establish standards and does not contemplate the situation where a standard is remanded. Under Bill 44 and similar to the market rule amendment review process (Sec 33 of the Electricity Act), a reliability standard approved by a standards authority may be reviewed and subsequently stayed or revoked by the OEB provided the review process is initiated within the timelines established by the proposed legislation and future regulations. An additional improvement to the definition is to clarify that, barring a stay or remand, a reliability standard must be first approved (established) by the standards authority and then becomes mandatory when the effective date of the standard is reached (declared in force).

The definition of standards authority in Bill 44 excludes the IESO, as the IESO does not approve standards that are applicable both in and outside of Ontario. It should be noted that going forward, any Ontario-specific reliability standards developed and approved by the IESO would be grounded in the market rule and therefore be subject to OEB review and potential revocation as a market rule amendment under sections 33 of the Electricity Act. The market rule amendment review process is comparable, in terms of timelines, criteria for OEB determinations and OEB authorities, as the OEB review of reliability standards.

During Technical Panel review of the draft proposal, the transmitter representative expressed concerns regarding the use of the term "reliability standards" to refer to obligations related to reliable operation of the IESO-controlled grid that are not approved by NERC. Please refer to Attachment B for a summary of those concerns.

#### **Discussion**

It is proposed to amend the definition of 'reliability standards' to address the following

1. Align references to only 'standards and criterion', as well as 'amendments to standards or criterion'; with the legislated definition;
2. Align reference to 'reliable operation of the integrated power system' rather than 'reliability', with the legislated definition;
3. Recognize and clarify that reliability standards are applicable in Ontario once the effective date for the new/revised standard established by the standards authority has been reached; unless the OEB

**PART 3 – EXPLANATION FOR PROPOSED AMENDMENT**

has initiated a review and subsequently stayed or revoked the standard;

4. retain the reference to IESO established reliability related criteria standards, as the IESO is not defined as a standards authority under the Bill 44 amendments, as noted in Part 3 above.

.It is proposed to amend the definition of ‘standards authority’ to mirror the legislative definition, except for the reference to ‘or any other agency or body designated by regulation’ which is part of the legislative definition. It is not appropriate to include that element in the market rules definition as that would result in the market rules not requiring the IESO and market participants to comply with applicable NPCC reliability standards. NPCC has not been designated as a standards authority under regulation. IESO and market participant compliance with NPCC reliability standards is necessary to maintain reliable operation of the IESO-controlled grid.

**PART 4 – PROPOSED AMENDMENT**

*reliability standards* means the criteria ~~and~~, standards, including an amendment to a standard or criterion, and requirements relating to the reliable operation of the integrated power system reliability established, and declared in force by a *standards authority*, and which has not otherwise been stayed or revoked and referred back to the standards authority for further consideration by the Ontario Energy Board, together with those set forth in these *market rules* or otherwise established by the *IESO* in accordance with these *market rules* and which has not otherwise been stayed or revoked and referred back to the IESO for further consideration by the Ontario Energy Board;

*standards authority* means the North American Electric Reliability Corporation, any successor thereof, or any other agency or body that that approves standards or criteria applicable both in and outside Ontario ~~recommends standards or criteria~~ relating to the *reliability of transmission systems*;

**PART 5 – IESO BOARD DECISION RATIONALE**

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## Attachment A

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BUDGET MEASURES AND INTERIM APPROPRIATION ACT, 2008  
*Electricity Act, 1998*Sched. G  
*Loi de 1998 sur l'électricité*SCHEDULE G  
ELECTRICITY ACT, 1998

1. (1) Subsection 2 (1) of the *Electricity Act, 1998* is amended by adding the following definition:

“reliability standard” means a standard or criterion, including an amendment to a standard or criterion, relating to the reliable operation of the integrated power system that is approved by a standards authority; (“norme de fiabilité”)

(2) The definition of “standards authority” in subsection 2 (1) of the Act is repealed and the following substituted:

“standards authority” means the North American Electric Reliability Corporation or any successor thereof, or any other agency or body designated by regulation that approves standards or criteria applicable both in and outside Ontario relating to the reliability of transmission systems; (“organisme de normalisation”)

2. Section 20.1 of the Act is amended by striking out “Provincial Auditor” and substituting “Auditor General”.

3. Section 25.24 of the Act is amended by striking out “Provincial Auditor” and substituting “Auditor General”.

4. Part III of the Act is amended by adding the following sections immediately before the heading “Investigations”:

## RELIABILITY STANDARDS

## Reliability standards

## Posting the standard

36.2 (1) Within seven days after the IESO receives notification of the approval of a reliability standard by a standards authority, the IESO shall post the standard on its public website together with any other information and materials that may be prescribed by regulation.

## Other notice

(2) If required by regulation, the IESO shall give additional notice of the standard and of any information and materials that may be prescribed by regulation in such other manner and at the time or times prescribed by regulation.

## Application for review

(3) Any person may apply to the Board for review of a reliability standard by filing an application with the Board within 21 days after the standard is posted under subsection (1).

## Board-initiated review

(4) The Board on its own motion may initiate a review of a reliability standard within 21 days, or such longer period of time as may be prescribed by regulation, after the standard is posted under subsection (1).

ANNEXE G  
LOI DE 1998 SUR L'ÉLECTRICITÉ

1. (1) Le paragraphe 2 (1) de la *Loi de 1998 sur l'électricité* est modifié par adjonction de la définition suivante :

«norme de fiabilité» Norme ou critère, y compris toute modification qui y est apportée, qui a trait au fonctionnement fiable du réseau d'électricité intégré et qui est approuvé par un organisme de normalisation. («reliability standard»)

(2) La définition de «organisme de normalisation» au paragraphe 2 (1) de la Loi est abrogée et remplacée par ce qui suit :

«organisme de normalisation» La société appelée North American Electric Reliability Corporation ou tout organisme qui la remplace, ou tout autre organisme désigné par règlement qui approuve des normes ou des critères de fiabilité applicables en Ontario et ailleurs à l'égard des réseaux de transport. («standards authority»)

2. L'article 20.1 de la Loi est modifié par substitution de «vérificateur général» à «vérificateur provincial».

3. L'article 25.24 de la Loi est modifié par substitution de «vérificateur général» à «vérificateur provincial».

4. La partie III de la Loi est modifiée par adjonction des articles suivants immédiatement avant l'intertitre «Enquêtes» :

## NORMES DE FIABILITÉ

## Normes de fiabilité

## Affichage de la norme

36.2 (1) Au plus tard sept jours après avoir reçu avis de l'approbation d'une norme de fiabilité par un organisme de normalisation, la SIERE affiche la norme sur son site Web public, ainsi que les autres renseignements et documents prescrits par règlement.

## Avis supplémentaire

(2) Si les règlements l'exigent, la SIERE donne un avis supplémentaire de la norme et des renseignements et documents prescrits par règlement de toute autre manière et aux moments prescrits par règlement.

## Demande d'examen

(3) Toute personne peut, par voie de requête, demander à la Commission d'examiner une norme de fiabilité dans les 21 jours qui en suivent l'affichage conformément au paragraphe (1).

## Examen entrepris à l'initiative de la Commission

(4) La Commission peut, de sa propre initiative, entreprendre l'examen d'une norme de fiabilité dans les 21 jours qui en suivent l'affichage conformément au paragraphe (1), ou dans le délai plus long prescrit par règlement.

## Attachment A

annexe G

LOI DE 2008 SUR LES MESURES BUDGÉTAIRES ET L'AFFECTATION ANTICIPÉE DE CRÉDITS  
*Electricity Act, 1998*

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*Loi de 1998 sur l'électricité***Stay pending Board review**

(5) No application for review under subsection (3) or initiation of a review by the Board under subsection (4) shall stay the operation of the reliability standard pending the completion of the Board's review of the standard unless the Board orders otherwise.

**Same**

(6) In determining whether to stay the operation of a reliability standard, the Board shall consider,

- (a) the public interest;
- (b) the merits of the application;
- (c) the possibility of irreparable harm to any person;
- (d) the impact on consumers;
- (e) the balance of convenience;
- (f) the need to co-ordinate the implementation of the standard in Ontario with other jurisdictions;
- (g) the need to co-ordinate the review of the standard in Ontario with regulatory bodies in other jurisdictions that have reviewed, are reviewing or may review the standard and that have the authority to refer the standard back to the standards authority for further consideration; and
- (h) any other matter that may be prescribed by regulation.

**Order re inconsistency or discrimination**

(7) If, on completion of its review, the Board finds that the standard is inconsistent with the purposes of this Act or unjustly discriminates against or in favour of a market participant or class of market participants, the Board shall make an order,

- (a) revoking the operation of the standard in Ontario, if it is already operational, or disallowing the future operation of the standard in Ontario, on a date specified by the Board; and
- (b) referring the standard back to the standards authority for further consideration.

**Order re co-ordination with other jurisdictions**

(8) The Board may also make the order described in subsection (7) if, on completion of its review, the Board finds that there is a need to co-ordinate with other jurisdictions or with regulatory bodies in other jurisdictions regarding the reliability standard.

**Order on prescribed grounds**

(9) The Lieutenant Governor in Council may make regulations prescribing additional grounds on which the Board shall or may make the order described in subsection (7).

**Suspension d'effet en attendant l'examen**

(5) Aucune demande d'examen présentée en vertu du paragraphe (3) ni aucun examen effectué par la Commission en vertu du paragraphe (4) ne suspend l'application de la norme de fiabilité en attendant l'issue de l'examen de la Commission, sauf ordonnance contraire de celle-ci.

**Idem**

(6) Lorsqu'elle décide si elle doit suspendre l'application d'une norme de fiabilité, la Commission tient compte des éléments suivants :

- a) l'intérêt public;
- b) le bien-fondé de la requête;
- c) la possibilité qu'une personne subisse un tort irréparable;
- d) l'impact sur les consommateurs;
- e) la prépondérance des inconvénients;
- f) la nécessité de coordonner la mise en oeuvre de la norme en Ontario avec d'autres autorités législatives;
- g) la nécessité de coordonner l'examen de la norme en Ontario avec des organismes de réglementation d'autres autorités législatives qui l'ont examinée, l'examinent ou pourraient l'examiner et qui ont le pouvoir de la renvoyer à l'organisme de normalisation pour étude plus approfondie;
- h) tout autre élément prescrit par règlement.

**Ordonnance : incompatibilité ou traitement injuste**

(7) Si elle conclut, à l'issue de son examen, que la norme est incompatible avec les objets de la présente loi ou qu'elle avantage ou désavantage injustement un intervenant du marché ou une catégorie d'intervenants du marché, la Commission rend une ordonnance :

- a) annulant l'application de la norme en Ontario, si elle s'y applique déjà, ou interdisant qu'elle s'y applique à l'avenir, à la date que la Commission précise;
- b) renvoyant la norme à l'organisme de normalisation pour étude plus approfondie.

**Ordonnance : coordination avec d'autres autorités législatives**

(8) La Commission peut également rendre l'ordonnance visée au paragraphe (7) si elle conclut, à l'issue de son examen, qu'il est nécessaire d'assurer la coordination avec d'autres autorités législatives ou avec les organismes de réglementation d'autres autorités législatives en ce qui concerne la norme de fiabilité.

**Ordonnance pour des motifs prescrits**

(9) Le lieutenant-gouverneur en conseil peut, par règlement, prescrire d'autres motifs pour lesquels la Commission doit ou peut rendre l'ordonnance visée au paragraphe (7).

## Attachment A

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BUDGET MEASURES AND INTERIM APPROPRIATION ACT, 2008  
*Electricity Act, 1998*

Sched. G

*Loi de 1998 sur l'électricité***Application**

(10) This section does not apply to a reliability standard approved by a standards authority before the day this section comes into force, but does apply to an amendment to a reliability standard, whether the reliability standard being amended was approved before, on or after the day this section comes into force, if the amendment to the reliability standard is approved on or after the day this section comes into force.

**Appeals from sanction orders**

**36.3** (1) The IESO may appeal to the Board an order, finding or remedial action made or taken by a standards authority in respect of a violation of a reliability standard in Ontario, subject to such limitations as may be prescribed by regulation.

**Other options to appeal**

(2) An appeal shall not be commenced under subsection (1) unless the IESO has commenced all other reviews and appeals available to it and such reviews and appeals have been finally determined.

**Time for appeal**

(3) The appeal must be filed within the time prescribed by the rules of the Board.

**Stay of order**

(4) An appeal does not stay the operation of the order, finding or remedial action pending the determination of the appeal unless the Board orders otherwise.

**Same**

(5) In determining whether to stay the operation of an order, finding or remedial action, the Board shall consider,

- (a) the public interest;
- (b) the merits of the appeal;
- (c) the possibility of irreparable harm to any person; and
- (d) the balance of convenience.

**Powers of Board**

(6) After considering the appeal, the Board may make an order,

- (a) dismissing the appeal;
- (b) revoking or amending the order, finding or remedial action appealed from; or
- (c) making any other order, finding or decision or taking any other remedial action that the standards authority could have made or taken.

**Same**

(7) In addition to its powers under subsection (6), the Board may also make an order,

**Application**

(10) Le présent article ne s'applique pas aux normes de fiabilité approuvées par un organisme de normalisation avant le jour de son entrée en vigueur. Il s'applique toutefois aux modifications apportées à une norme de fiabilité, que celle-ci ait été approuvée le jour de l'entrée en vigueur du présent article ou avant ou après ce jour, si les modifications sont approuvées le jour de l'entrée en vigueur du présent article ou après ce jour.

**Appel**

**36.3** (1) La SIERE peut interjeter appel devant la Commission d'une ordonnance, d'une conclusion ou d'une mesure corrective rendue, tirée ou prise par un organisme de normalisation au sujet de la violation d'une norme de fiabilité en Ontario, sous réserve des restrictions prescrites par règlement.

**Autres voies de recours**

(2) Il ne peut être interjeté appel en vertu du paragraphe (1) que si la SIERE a procédé à tous les autres examens et a interjeté tous les autres appels dont elle peut se prévaloir et que ces examens et appels ont fait l'objet d'une décision définitive.

**Délai d'appel**

(3) L'appel est interjeté dans le délai que prescrivent les règles de la Commission.

**Suspension d'effet de l'ordonnance**

(4) Un appel ne suspend pas l'effet de l'ordonnance, de la conclusion ou de la mesure corrective en attendant qu'il soit statué sur l'appel, sauf ordonnance contraire de la Commission.

**Idem**

(5) Lorsqu'elle décide si elle doit suspendre l'effet d'une ordonnance, d'une conclusion ou d'une mesure corrective, la Commission tient compte des éléments suivants :

- a) l'intérêt public;
- b) le bien-fondé de l'appel;
- c) la possibilité qu'une personne subisse un tort irréparable;
- d) la prépondérance des inconvénients.

**Pouvoirs de la Commission**

(6) Après avoir examiné l'appel, la Commission peut, par ordonnance :

- a) rejeter l'appel;
- b) révoquer ou modifier l'ordonnance, la conclusion ou la mesure corrective portée en appel;
- c) rendre toute autre ordonnance ou décision, tirer toute autre conclusion ou prendre toute autre mesure corrective que l'organisme de normalisation aurait pu rendre, tirer ou prendre.

**Idem**

(7) Outre les pouvoirs visés au paragraphe (6), la Commission peut, par ordonnance :



## Attachment A

annexe G

LOI DE 2008 SUR LES MESURES BUDGÉTAIRES ET L'AFFECTATION ANTICIPÉE DE CRÉDITS  
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- (a) revoking or suspending a condition of the IESO's licence;
- (b) amending a condition of the IESO's licence; or
- (c) adding a condition to the IESO's licence.

## Statutory powers of decision

**36.4** The powers of the Board to make orders under sections 36.2 and 36.3 shall be deemed to be statutory powers of decision for the purpose of the *Statutory Powers Procedure Act*.

**5. (1) Subsection 114 (1) of the Act is amended by adding the following clause:**

(h.0.1) respecting reliability standards;

**(2) Subsection 114 (1.1) of the Act is amended by adding the following clause:**

- (c) designating an agency or body as a standards authority for the purpose of the definition of "standards authority" in subsection 2 (1).

**(3) Section 114 of the Act is amended by adding the following subsection:**

## Regulations, Part III

(1.4) The Lieutenant Governor in Council may make regulations,

- (a) prescribing any other information or material to be posted under subsection 36.2 (1);
- (b) requiring additional notice for the purpose of subsection 36.2 (2) and prescribing any other information or material to be included with that notice and the manner and time or times of giving it;

- (c) prescribing the period of time within which the Board may initiate a review of a reliability standard under subsection 36.2 (4);
- (d) prescribing other matters to be considered for the purposes of subsection 36.2 (6);
- (e) prescribing limitations for the purposes of subsection 36.3 (1).

## Commencement

**6. This Schedule comes into force on the day the *Budget Measures and Interim Appropriation Act, 2008* receives Royal Assent.**

- a) révoquer ou suspendre une condition du permis de la SIERE;
- b) modifier une condition du permis de la SIERE;
- c) ajouter une condition au permis de la SIERE.

## Compétences légales de décision

**36.4** Les pouvoirs de la Commission de rendre des ordonnances en vertu des articles 36.2 et 36.3 sont réputés des compétences légales de décision pour l'application de la *Loi sur l'exercice des compétences légales*.

**5. (1) Le paragraphe 114 (1) de la Loi est modifié par adjonction de l'alinéa suivant :**

h.0.1) traiter des normes de fiabilité;

**(2) Le paragraphe 114 (1.1) de la Loi est modifié par adjonction de l'alinéa suivant :**

- c) désigner un organisme comme organisme de normalisation pour l'application de la définition de «organisme de normalisation» au paragraphe 2 (1).

**(3) L'article 114 de la Loi est modifié par adjonction du paragraphe suivant :**

## Règlements : partie III

(1.4) Le lieutenant-gouverneur en conseil peut, par règlement :

- a) prescrire les autres renseignements ou documents dont le paragraphe 36.2 (1) exige l'affichage;
- b) exiger un avis supplémentaire pour l'application du paragraphe 36.2 (2) et prescrire les autres renseignements ou documents qui doivent l'accompagner, ainsi que la manière et les moments de le donner;

- c) prescrire le délai dans lequel la Commission peut entreprendre l'examen d'une norme de fiabilité en vertu du paragraphe 36.2 (4);
- d) prescrire les autres éléments dont la Commission doit tenir compte pour l'application du paragraphe 36.2 (6);
- e) prescrire des restrictions pour l'application du paragraphe 36.3 (1).

## Entrée en vigueur

**6. La présente annexe entre en vigueur le jour où la *Loi de 2008 sur les mesures budgétaires et l'affectation anticipée de crédits* reçoit la sanction royale.**

## Attachment B

### Summary of Transmitter Representative Concerns from May 13, 2008 Technical Panel Meeting

The transmitter representative on the Technical Panel, supported by some of the Panel members, suggested that MR-00345 presents an opportunity to align the legislation in Bill 44 with the proposed market rules. It was also suggested that MR-00345 presents an opportunity to remove confusion and provide clarification in the market rules, between ‘reliability standards’ (which are always NERC-approved) and other obligations related to reliable operation applicable in Ontario (i.e. market rules), but not approved by the standards authority – NERC.

The transmitter representative indicated that such a distinction is needed for the following reasons:

- Such clarity is provided to other transmitters and all market participants in North America faced with NERC-approved reliability standards and other obligations related to reliable operation. NERC is the only standards authority in North America that develops mandatory ‘reliability standards’. These standards are then subject to regulatory approval by FERC in the U.S.A. and by provincial regulators, if applicable, in Canada. If there are other Ontario-specific obligations related to reliable operation that transmitters must meet, those other obligations should not be referred to as Ontario based ‘reliability standards’ or even as ‘standards’ or ‘standards related to reliability’. For example, NPCC refers to such requirements as ‘criteria’. Referring to such ‘other standards’ as ‘reliability standards’ or even as ‘standards’ or ‘standards related to reliability’ inappropriately suggests that they are approved by NERC and also suggests that they are approved by a standards authority, thus leading to confusion between what originates from NERC and what is an Ontario-specific obligation. Such obligations should be referred to as ‘criteria’ in the case of NPCC and ‘market rules’ in the case of the IESO. Making them ‘market rules’ and referring to them as ‘market rules’ still makes them mandatory in Ontario, without confusing them with ‘reliability standards’, which can be established only by NERC.
- The legislated authority and parameters for Ontario Energy Board (OEB) review and remand of NERC-approved reliability standards will be established clearly by Bill 44. The legislated authority and parameters for OEB review and remand of the market rules developed by the IESO is already established under the *Electricity Act, 1998*, as such obligations would be grounded in the market rules and be subject to the OEB’s authority to review and remand market rules.

The transmitter representative suggested that the distinction could be easily accomplished by:

- Making the market rule definitions of ‘reliability standard’ and ‘standards authority’ identical to the Bill 44 definitions; and
- Reviewing all the references to ‘reliability standards’ in the market rules, and determining whether the term used refers to:
  1. NERC adopted ‘reliability standards’, in which case the reference stays; or
  2. Ontario-specific obligations, in which case the reference should be changed to ‘market rules’ (whether reliability-related or otherwise).

Stakeholder feedback is requested on the issues identified by the transmitter representative and supported by some of the other Panel members.