



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> : <u>n/a</u>
Telephone: <u>905-855-6464</u>	Fax: <u>905-855-6371</u>
E-mail Address: Rule.Amendments@ieso.ca	

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: <u>Forecasts and Assessments</u>	
Title: <u>Changes to the Frequency of the 18-Month Outlook</u>	
Nature of Request (please indicate with x)	
<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion
<input type="checkbox"/> Addition	<input type="checkbox"/> Clarification
Chapter: <u>5</u>	Appendix: _____ Sections: <u>7</u>
Sub-sections proposed for amending/clarifying: <u>Various</u>	

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*.

The IESO is proposing changes to the frequency of publication of the 18-Month Outlook. Instead of producing the 18-Month Outlook four times per calendar year, as currently required by the market rules, the IESO is proposing a move to semi-annual reports to be published in advance of the summer and winter peak periods. In addition, the IESO intends to continue publishing updates of essential data, normally done on a monthly basis, to keep Market Participants and other interested stakeholders informed of new developments between the semi-annual reporting periods.

The proposed change to the reporting frequency is expected to result in the following:

- More effective deployment of IESO resources to better meet the analytical challenges of assessing the reliability impacts resulting from the substantial changes in infrastructure planned for the Ontario electricity system;
- Reduced reporting burden on Market Participants;
- Better alignment with seasonal reporting requirements of regional standards authorities (NERC and NPCC);
- Enhanced effectiveness in communicating the key reliability messages contained in the 18-Month Outlook by minimizing unnecessary repetition; and
- Through continued updates of data, sufficient reporting of the essential information used by market participants and the IESO in advanced outage and contingency planning.

Background – Issue Description and Proposed Changes

The 18-Month Outlook is a quarterly forecast that provides the IESO's assessment of adequacy and reliability for Ontario's power system. The report is intended for operational planning purposes; specifically to facilitate the scheduling of market participants' facility outage plans. In general, 18-Month Outlooks are comprised of both demand forecasts and assessments of generation and transmission capacity over an eighteen month forecast timeframe. The following are links to the June 2008 publication of the 18-Month Outlook and accompanying supplemental material:

- [18-Month Outlook: An Assessment of the Reliability of the Ontario Electricity System from July 2008 to December 2009](#)
- [Ontario Demand Forecast](#)
- [Methodology to Perform Long Term Assessments](#)
- [Ontario Transmission System](#)
- [18-Month Outlook: Resource Adequacy Assessment](#) (Excel Spreadsheet Data)
- [Ontario Demand Forecast](#) (Excel Spreadsheet Data)

The ten most recent 18-Month Outlooks (dating back to April 2006) have emphasized a generally positive forecast for system reliability in Ontario. Substantial resource additions¹ and a demand forecast adjusted for planned conservation are the reasons for this consistent, if somewhat repetitive, message of positive reliability outlooks.

At the same time, the substantial infrastructure change planned for Ontario's electricity system has

¹ As specified in the Ontario Power Authority's (OPA) Integrated Power System Plan (IPSP).

PART 3 – DESCRIPTION OF THE ISSUE

resulted in the need for additional IESO analysis, as well as revisions to existing analytical methodologies used in conducting forecasts and assessments covered in the 18-Month Outlook. For example, the June 2008 report (see above link) identified new or exacerbated instances of bottled generation in certain regions of Ontario as a result of planned changes to the system². As a result, additional analysis was required to quantify the reliability impacts of this bottled generation. Also, the IESO has had to make changes to its demand forecast methodology to better reflect the impacts of planned conservation and embedded generation. Going forward, the IESO expects that this trend towards increased and new analysis will continue, as changes to both the resource mix and transmission system progress.

To facilitate this requirement for increased analysis, the IESO is proposing a move to semi-annual 18-Month Outlooks. In addition, the IESO intends to continue providing updates of essential data, normally done on a monthly basis, to supplement the reduced frequency of the 18-Month Outlooks. These updates should provide market participants and the IESO with the supplemental information required for advanced outage and contingency planning.

This proposed reduction in publication frequency is also expected to provide relief to current reporting requirements for market participants³. In addition, it is proposed that the IESO publish these semi-annual reports in advance of the summer and winter peak periods to better align the 18-Month Outlook with seasonal reporting requirements of regional standards authorities such as NPCC⁴ and NERC⁵. Finally, the IESO believes that the proposed move to semi-annual reports will result in a more effective communication of the key reliability messages contained in the 18-Month Outlooks through less repetitive messaging.

Stakeholder Feedback

On August 7, 2008 the IESO initiated a stakeholder consultation plan to garner feedback on the proposed changes described in the *Background* section above. Stakeholder comments can be found at the following link: [SE-70: Changes to Frequency of the 18-Month Outlook](#). All stakeholder comments received to date indicate general support for the proposal in moving towards semi-annual 18-Month Outlooks with monthly data updates. In several cases, stakeholder support is conditional on suggested or required content to be included in the proposed updates. As a result, the IESO is recommending further stakeholder consultation regarding the specific content to be included in the monthly updates of data. This consultation could be conducted through the IESO's [Forecasts and Assessments Standing Committee](#) (FASC), or through the continuation of SE-70. These content requirements would then be specified in the applicable market manual ([Market Manual 2: Part 2.11 - 18-Month Outlook and Related Information Requirements \(IMP_PRO_0024\)](#)).

² Bottled (transmission congested) generation refers to generation capacity that cannot be utilized to satisfy Ontario's resource requirements due to transmission constraints, and therefore contributes to reduced reliability of the electricity system.

³ Market participants are currently required to submit facility information forms four times a year.

⁴ Northeast Power Coordinating Council (<http://www.npcc.org/>). NPCC assessments consist of regular summer and winter assessments along with periodic longer term reliability studies.

⁵ North American Electric Reliability Council (<http://www.nerc.com/>). NERC assessments consist of summer and winter seasonal and annual long term reliability assessments.

PART 4 – PROPOSAL (BY SUBMITTER)

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

Chapter 5, Section 7 (attached below) of the market rules contains the rules that govern the publication frequency of the demand forecasts and assessments that ultimately comprise the 18-Month Outlook⁶. The IESO proposes that sections referring specifically to the “quarterly” publication of forecasts and assessments be changed to “semi-annual”.

PART 5 – FOR IESO USE ONLY

Technical Panel Decision on Rule Amendment Submission: Warrants Consideration

MR Number: MR-00350

Date Submitted to *Technical Panel*: September 25, 2008

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

Date:

General

Urgent

Minor

September 30, 2008

Criteria for Acceptance:

It identifies ways to simplify the market and reduces participant and IESO costs. This amendment proposes to reduce the frequency of 18-Month Outlooks. This is expected to reduce the reporting requirements for market participants thereby reducing costs.

Priority: Medium

Criteria for Assigning Priority:

Technical feasibility: the extent to which a technically sound solution can be developed. The IESO expects that the transition to a semi-annual 18-Month Outlook will not pose any significant implementation issues. Stakeholder comments to date indicate that semi-annual Outlooks with monthly updates of data would not adversely impact their business processes.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

Technical Panel Minutes Reference: IESOTP 219-1

⁶ Section 7, Chapter 5 deals with the various Forecasts and Assessments that the IESO publishes for various timeframes (e.g. daily and weekly), of which the quarterly 18-Month Outlook is one.

PART 5 – FOR IESO USE ONLY

Technical Panel Comments:

The Retailer and Wholesaler representative noted that transmission outage information contained in the 18-Month Outlook (but not in current monthly updates of data) is used by some market participants to facilitate participation in the Transmission Rights (TR) market. The representative expressed interest in having this data updated monthly.

The Residential Consumers representative suggested that stakeholder comments should be distinguished between those stakeholders who provide input data to the 18-Month Outlook (and presumably stand to gain from reduced reporting requirements) and those who use the information in the report (and presumably stand to lose out through fewer Outlooks). The reason for this categorization is to provide a better understanding of the mix of stakeholders commenting on this topic, resulting in greater transparency in the stakeholder engagement process.

7. Forecasts and Assessments

7.1 Forecasts Prepared by the IESO

7.1.1 The *IESO* shall produce and *publish* the following ongoing *demand* forecasts for Ontario or parts thereof:

7.1.1.1 [Intentionally left blank – section deleted]

7.1.1.2 on a daily basis, a forecast of *demand* for each of the 14 days following the current day, by hour;

7.1.1.3 on a weekly basis, a forecast of *demand* for the next 28 days, by day and by hour; and

7.1.1.4 on a quarterly basis, a forecast of *demand* for the next 18 months, by week.

7.1.1.5 [Intentionally left blank – section deleted]

7.1.2 The forecasts referred to in section 7.1.1 shall be prepared by the *IESO* in such form as may be specified in the applicable *market manual*, shall be used in conducting the assessments referred to in section 7.3, and shall, in the case of the forecast referred to in section 7.1.1.4, be included in the reports referred to in section 7.3.1.2.

7.1.3 The *IESO* shall *publish* the method to be used to perform the forecasts described in section 7.1.1.

7.1.4 [Intentionally left blank – section deleted]

7.1.5 Each *distributor*, *connected wholesale customer* and other load-serving entity shall, for the purpose of enabling the *IESO* to produce the forecasts referred to in section 7.1.1, provide to the *IESO* the load forecasts described in the applicable *market manual* in such form, at such time and having such resolution as may be specified in such *market manual*.

7.2 Basis for IESO Forecasts

7.2.1 The *IESO* shall develop forecasts of peak *demand* and *energy demand*, by area, that are based on, but potentially differ from, the forecasts provided to it by *distributors*, other load-serving entities and *connected wholesale customers* pursuant to section 7.1.5, and which account for the *demands* of loads not

required to make forecasts. These forecasts shall be developed on an area basis, as required to meet the purposes of these forecasts.

7.3 Advance Assessments of System Reliability

- 7.3.1 The *IESO* shall prepare for the purposes referred to in section 7.4 and based on the information received pursuant to section 7.5.1 and such other information as the *IESO* considers appropriate, and *publish*, the following reports of its findings in relation to such *reliability* assessments:
- 7.3.1.1 [Intentionally left blank – section deleted]
 - 7.3.1.2 on a quarterly basis and no later than 5 *business days* prior to the end of each calendar quarter, an assessment covering an eighteen-month period commencing with the following calendar month;
 - 7.3.1.3 on a weekly basis and within two *business days* of the date of receipt from *market participants* of the weekly information specified in the *market manual* referred to in section 7.5.1, an assessment covering the third and fourth week of a four-week period commencing with the following day;
 - 7.3.1.4 on a daily basis and not later than 17:00 EST on each day, an assessment covering a fourteen-day period commencing on the following day; and
 - 7.3.1.5 as required, an assessment of the *reliability* of the *IESO-controlled grid*.
- 7.3.2 Any information derived from the *security* and *adequacy* assessment process shall be used to provide a basis for informing *market participants* about expected conditions on the *IESO-controlled grid* and in the *IESO-administered markets*. It is expected that the information will trigger appropriate responses under other market processes, such as *outage* coordination, transmission investment planning, and the activation of the *capacity reserve market*.

7.3A Liability

- 7.3A.1 Notwithstanding section 13.1.2 of Chapter 1, no *market participant* shall be entitled to compensation from the *IESO* for any costs, loss or damage sustained by the *market participant* as a result of any difference between:
- 7.3A.1.1 *demand* as forecasted pursuant to section 7.1.1 and actual *demand*;
 - 7.3A.1.2 conditions on the *IESO-controlled grid* as forecasted in the assessments referred to in section 7.3.1 and actual conditions on the *IESO-controlled grid*; or

- 7.3A.1.3 information contained in succeeding forecasts *published* pursuant to section 7.1.1 or reports *published* pursuant to section 7.3.1 that cover in whole or in part the same time frame.

7.3B Succession of Forecasts and Reports

- 7.3B.1 Each forecast *published* pursuant to section 7.1.1 or report *published* pursuant to section 7.3.1 shall, to the extent that it covers in whole or in part the same time frame as that covered in a previous *published* forecast or report, supercede such previous *published* forecast or report.

7.4 Purpose of Assessments

- 7.4.1 [Intentionally left blank – section deleted]
- 7.4.1.1 [Intentionally left blank – section deleted]
- 7.4.1.2 [Intentionally left blank – section deleted]
- 7.4.1.3 [Intentionally left blank – section deleted]
- 7.4.1.4 [Intentionally left blank – section deleted]
- 7.4.2 The *IESO* shall conduct the quarterly assessments referred to in section 7.3.1.2 to:
- 7.4.2.1 provide forecasts, by month, of expected *demand*, *generation capacity* and transmission capacity, *energy* capability of *generation facilities*, and the possibility of any *security*-related events on the *IESO-controlled grid* that could require contingency planning by *market participants* or by the *IESO*;
- 7.4.2.2 allow the *IESO* to identify exigencies potentially impacting on the coordination of *outages* that could give rise to shortfalls in *generation capacity* and thus provide information by which *market participants* could act to reschedule *outage* plans to avoid such projected shortfalls; and
- 7.4.2.3 allow the *IESO* to meet its obligations to relevant *standards authorities* so as to enable the latter organizations to assess the expected *reliability* of the regional power systems to match generation and *demand*.
- 7.4.3 The *IESO* shall conduct the weekly assessments referred to in section 7.3.1.3 to:
- 7.4.3.1 provide forecasts, by day, of expected daily *demand*, *generation capacity* and transmission capacity, *energy* capability of *generation facilities*, exports and imports of *energy*, and the availability of

transmission that may affect the *security* of the *IESO-controlled grid* or affect operational decisions to be taken by the *IESO* that must be made more than a day in advance;

- 7.4.3.2 allow the *IESO* to identify exigencies potentially impacting on the coordination of *outages* that may give rise to shortfalls in *generation capacity* and thereby assist *market participants* in finalizing *outage* plans and submitting *outage* schedules to the *IESO*; and
 - 7.4.3.3 allow the *IESO* to meet its obligations to relevant *standards authorities* so as to enable the latter organizations to assess the expected *reliability* of regional power systems to match generation and *demand*, particularly in peak seasons and peak periods.
- 7.4.4 The *IESO* shall conduct the daily assessments referred to in section 7.3.1.4 to:
- 7.4.4.1 provide forecasts, by day, of expected hourly *demand*, *generation capacity* and transmission capacity, *energy* capability of *generation facilities*, exports and imports of *energy*, and the availability of transmission that may affect the *security* of the *IESO-controlled grid* or affect operational decisions to be taken by the *IESO* that must be made more than a day in advance; and
 - 7.4.4.2 allow the *IESO* to meet its obligations to relevant *standards authorities* so as to enable the latter organizations to assess the expected *reliability* of regional power systems to match generation and *demand*, on a daily and hourly basis, particularly in peak seasons and in peak hours.
- 7.4.5 The *IESO* shall conduct the assessments referred to in section 7.3.1.5 to:
- 7.4.5.1 meet its obligations to maintain the *reliability* of the *IESO-controlled grid*;
 - 7.4.5.2 meet the requirements of *standards authorities*; and
 - 7.4.5.3 assist the *OEB* and the *OPA* in meeting their respective objectives.

7.5 Information Requirements

- 7.5.1 Each *market participant* shall, for the purpose of enabling the *IESO* to perform the *reliability* assessments referred to in section 7.3.1, provide to the *IESO* the information described in the applicable *market manual* in such form, at such time and having such resolution as may be specified in such *market manual*.

7.6 The Reporting of Reliability Assessments

7.6.1 The reports referred to in section 7.3.1 shall be prepared by the *IESO* in such form and shall contain such information as may be specified in the applicable *market manual*.

7.6.2 [Intentionally left blank – section deleted]

7.7 Updated and Related Reports

7.7.1 [Intentionally left blank – section deleted]

7.7.2 [Intentionally left blank – section deleted]

7.7.3 [Intentionally left blank – section deleted]

7.7.4 [Intentionally left blank – section deleted]

7.7.5 The *IESO* may *publish* additional updated versions of any of the assessment reports referred to in section 7.3.1 in the event of changes that, in the *IESO*'s opinion, are significant and should be communicated to *market participants*.

7.7.6 From the material and assessments in the assessment reports referred to in section 7.3.1, the *IESO* may produce additional related reports as required by relevant *standards authorities*, the *IESO Board*, the *OEB*, the *OPA*, and the Government of Ontario.

7.8 [Intentionally left blank – section deleted]

7.8.1 [Intentionally left blank – section deleted]

7.8.2 [Intentionally left blank – section deleted]

7.9 Provision of Information to Transmitters

7.9.1 [Intentionally left blank – section deleted]

7.9.2 Notwithstanding any other provision of these *market rules*, the *IESO* may, if necessary to enable *transmitters* to prepare plans for the expansion or modification of the *IESO-controlled grid*, provide to relevant *transmitters* information provided by *market participants* pursuant to this Chapter regarding their forecasts and plans. Any such information which is *confidential information* shall be provided to *transmitters* on a confidential basis and the receiving *transmitter* shall use all reasonable endeavours to protect such *confidential*

information and shall use such *confidential information* solely for the purpose of preparing plans for the expansion or modification of the *IESO-controlled grid*.

- 7.9.3 Where the *IESO* intends to disclose to a *transmitter confidential information* pertaining to a *market participant* pursuant to section 7.9.2, the *IESO* shall provide the *market participant* with advance notice of such intention and shall provide the *market participant* with a reasonable opportunity to make representation as to why the *confidential information* should not be disclosed.

7.10 IESO Actions

Actions Within Next Twelve Months

- 7.10.1 If the *IESO* identifies an adverse condition on the *IESO-controlled grid* that requires action to be initiated within the next twelve months in order to maintain the *reliability* of the *IESO-controlled grid*, the *IESO* may:
- conduct and *publish* a *reliability* assessment in accordance with section 7.3.1.5; and
 - take any additional steps necessary to ensure that the *reliability* of the *IESO-controlled grid* is maintained.
- 7.10.2 If the *IESO* does not believe that *market participants* have or will voluntarily put forward reasonable commitments for technically feasible options to alleviate the condition identified in section 7.11.1, the *IESO* may direct the *transmitter(s)* in the relevant location(s) to prepare a detailed proposal for the enhancement of the *IESO-controlled grid*. The *transmitter(s)* shall submit the proposal to the *OEB*, the *OPA*, and other governmental agencies having authority to approve the proposal, in the form of an application for approval of the enhancement. The *IESO* shall notify the *OEB* and the *OPA* of its identification of the adverse condition.

Actions Beyond the Next Twelve Months

- 7.10.3 If the *IESO* identifies an adverse condition on the *IESO-controlled grid* that does not require action to be initiated within the next twelve months, the *IESO*:
- shall notify the *OEB* and the *OPA* of its determination; and
 - may provide support to the *OPA* in the *OPA's* assessment of the options that may be available for *market participants* or others to remove or alleviate the condition.

Actions Independent of IESO Recommendations

- 7.10.4 Nothing in this section 7.11 is intended to limit the ability of any *market participant* to file for approval a proposal to invest in *facilities* on the *integrated power system* that are not the subject of specific recommendations made by the *IESO*. A *market participant* interested in sponsoring a new or modified

connection to the IESO-controlled grid may submit a request for connection assessment in accordance with section 6.1.6 of Chapter 4.