



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>905-403-6955</u>	Fax: <u>905-855-6371</u>
E-mail Address: Rule.Amendments@ieso.ca	

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: <u>Ancillary Services</u>	
Title: <u>Allowing Non-Generation Resources to Provide Regulation</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, 7, 11</u>	Appendix: _____ Sections: _____
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*.

Regulation is a contracted ancillary service in the IESO-administered markets. This service allows total system supply to match total system load (plus losses) on a second-by-second basis as required on an electricity grid. The reliability standards pertaining to regulation are specified by the North American Reliability Corporation (NERC). Historically, regulation service has been provided by generation units with automatic generation control, i.e. the process that automatically adjusts the output from a generation facility based on automated, electronic signals from the IESO.

NERC and the North East Power Coordinating Council (NPCC) allow non-generation resources to provide regulation. Since summer 2008, several system operators in the US have made progress towards facilitating the provision of regulation by non-generation resources. Specifically:

- NYISO’s tariff was changed to allow demand response to offer regulation service into the NYISO-administered markets.
- ISO-NE extended its Demand Response Reserves Pilot Program. Originally implemented in 2006, the pilot allows a demand response resource of less than 5 MW to participate as regulation products.
- As part of the start-up of its ancillary services market, Midwest ISO was required to evaluate whether adjustments to its ancillary services market procedures were necessary to remove barriers to demand response resources providing regulation.

One of the guiding principles of the design of the Ontario market is fairness. The market should provide for open non-discriminatory access by all who meet reasonable publicly stated standards. There should be no artificial barriers to entry or exit. This principle is reflected in subsections 33(9) and 35(6) of the *Electricity Act, 1998*, which provide that a market rule should not unjustly discriminate against, or alternatively, favour a market participant or class of market participants. Allowing alternative resources to provide regulation in Ontario is consistent with the principle that the market should provide for open non-discriminatory access by all who meet reasonable publicly stated standards.

The current market rules only allow generation units to provide regulation. If non-generation resources meet publicly stated standards, the market rules should not prevent these resources from providing regulation.

PART 4 – PROPOSAL (BY SUBMITTER)

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

It is proposed to amend the market rules to allow non-generation resources to provide regulation in the IESO-administered markets.

PART 5 – FOR IESO USE ONLY

Technical Panel Decision on Rule Amendment Submission: Warrants consideration

MR Number: MR-00364

Date Submitted to *Technical Panel*: October 14, 2009

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

Date:

General Urgent Minor

October 20, 2009

Criteria for Acceptance: The identified changes better enable the market to satisfy the following market design principles of fairness: the market should provide for open non-discriminatory access by all who meet reasonable technical standards.

Priority: High

Criteria for Assigning Priority: 1) Practical consequences: the proposed market rule amendment is required to remove an unnecessary barrier to participation in the Ontario market. Not addressing this barrier would be generally unacceptable. 2) Technical feasibility: the proposed changes are straightforward.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

Technical Panel Minutes Reference: IESOTP 231-1

Technical Panel Comments: _____