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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00365		
Subject:	Metering		
Title:	Settlement of Transmission Tariffs for Embedded Generation		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	6	Appendix:	
Sections:	4.5		
Sub-sections proposed for amending:	4.5.1, 4.5.2, 4.5.3, 4.5.4		

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel Review	December 9, 2009
2.0	Publish for Stakeholder Review and Comment	December 17, 2009
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

MR-00365 proposes to modify the market rules in section 4.5 of Chapter 6 to permit the use of the alternative metering installation standard for embedded generation facilities that are registered in the IESO-administered market and which require metering for the purposes of the collection of transmission tariffs.

#### Background on Metering Requirements for Embedded Generation Facilities

At its meeting on November 24, 2009 the Technical Panel determined that MR-00365-Q00 Metering: Settlement of Transmission Tariffs for Embedded Generation. [insert hyperlink to document] warranted consideration.

- Embedded generation facilities registered in the IESO-administered market (IAM) require a registered wholesale meter (RWM). Such facilities may also result in gross load billing of the corresponding transmission customer with respect to connection charges as specified in the Ontario Uniform Transmission Rates Schedules approved by the Ontario Energy Board (“OEB”).
- Embedded generation facilities not registered in the IESO-administered market may also result in gross load billing of the corresponding transmission customer. In this situation, the transmission customer has the option to either register a RWM or register under the provisions of Chapter 6, section 4.5 – Alternative Metering Installation Standards for Embedded Generation Facilities.
- Most participants (transmission customers, e.g. LDCs) with embedded generation facilities not registered in IAM choose to register under the provisions of the Alternative Metering Installation Standards for Embedded Generation Facilities. This is the least-cost method of meeting the market rule requirement.
- The Alternative Metering Installation Standards for Embedded Generation Facilities was introduced in 2004 by Hydro One Networks Inc. (“Hydro One”) (MR-00250) as a means to minimize the cost of metering for embedded generation below a specified size threshold (20 MW).
- Alternative metering standard applies to embedded generation facilities not registered in the IAM for the purpose of transmission charges (gross load billing of connection charges) and offers lower metering costs due to reduced metering standards (retail metering vs. wholesale metering) and associated MSP costs.
- This MR amendment (MR-00250) was intended to deal with situations where new generation was added where none existed previously.
- The rule has worked well, but some modifications are required to address new conditions that exist today. For example, addition of incremental capacity at an existing generation facility was not contemplated when the rule was first created.
- Today, programs (e.g. Feed-In-Tariff or FIT) offered by the Ontario Power Authority (“OPA”)

**PART 3 – EXPLANATION FOR PROPOSED AMENDMENT**

permit the retrofit of existing generation facilities, resulting in the creation of ‘incremental capacity’ at these facilities.

- In some cases, conditions of the OPA contract require the embedded generation facility to be registered in the IESO-administered market.
- The introduction of ‘incremental capacity’ creates additional settlement and, in some cases, metering requirements for the purpose of calculating transmission charges.
- Under the existing market rules, in situations where the facility is registered in the IAM, additional metering must be a RWM. The use of the alternative metering installation standards for embedded generation facilities is not allowed.
- OPG is making modifications to several generation facilities, which modifications are scheduled to come into service as early as 2010. These modifications will result in incremental capacity at these existing facilities. The existing facilities do not result in gross load billing of the transmission connection charges to the corresponding transmission customer (Hydro One). However, the incremental capacity will result in gross load billing based on the incremental capacity of the facilities.
- Conditions of OPG’s contract with the OPA require these facilities to be registered in the IAM.
- Additional meter points for the purpose of transmission charges resulting from ‘incremental capacity’ are required. Under the existing market rules, this would require additional RWMs because chapter 6, section 4.5, does not apply.
- Metering and registration requirements for these facilities need to be resolved in a timely manner.
- The parties immediately impacted by this issue – IESO, Hydro One, and OPG have had a number of discussions in regards to resolving this issue.
- This issue and the possible resolution were discussed with the Revenue Metering Standing Committee (“RMSC”) on Oct. 8, 2009.
- RMSC supported the recommendation that provisions for Chapter 6, Section 4.5, apply to all facilities, whether registered in IAM or not.

**Discussion**

MR-00365 proposes the following revisions to Section 4.5 Alternative Metering Installation Standards for Embedded Generation Facilities.

- 4.5.1.1 Replace the existing wording with “is required to register a *metering installation* for the purpose of determining transmission charges” in order to remove the restriction regarding the use of this standard only for facilities not registered in the IAM and to be specific about the intended use of this standard with respect to the application of transmission charges.
- 4.5.1.2 Remove the words “at greater than 1 MW and” because this threshold is already specified in the Ontario Uniform Transmission Rate Schedules. Duplication of requirements in two different sets of regulatory requirements can lead to conflicts if one of these requirements is changed separately from the other.
- 4.5.1.3 The word “Uniform” has been added to the referenced rate schedule. Ontario Uniform Transmission Rate Schedule is the correct reference.
- 4.5.1.4 Delete this subsection in its entirety, which reads “the applicable required approvals for the *embedded generation facility* were obtained after October 30, 1998” because this

### PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

requirement is specified in the Ontario Uniform Transmission Rate Schedules.

- The word “alternative” has been added to the end phrase of section 4.5.1 for greater clarity so that the phrase now reads “shall either comply with the *metering installation* standards specified elsewhere in this Chapter 6 or with the alternative *metering installation* standards specified in this section 4.5 for that *embedded generation facility*.”
- 4.5.2 The word “alternative” has been added for clarity so the opening phrase now reads “A *transmission customer* that chooses to meet the alternative *metering installation* standards of this section 4.5 for an *embedded generation facility* shall, in accordance with the applicable *market manual*, have their *metering service provider*.”
- 4.5.2.1 The phrase “without a wholesale physical meter” has been deleted from the end of this subsection to make it clear that there is a requirement to register a metering point either with or without a wholesale physical meter.
- 4.5.2.2 This section has been deleted and left intentionally blank because it is redundant as section 4.5.2.1 creates the obligation for the transmission customer to “register with the *IESO* a *metering point* for that *embedded generation facility*”. Depending upon the individual situation, this obligation can be fulfilled by either registering a new metering point or changing the registration of an existing metering point.
- 4.5.3 The phrase “without a corresponding wholesale physical meter” has been deleted from this subsection for the same reason as 4.5.2.1 and replaced with “under the alternative metering installation standards of this section 4.5” to be clear in reference to the obligation of the transmission customer arising from the use of the alternative metering installation standards.
- 4.5.3.1 The word “facilities” has been changed to “facility.”
- 4.5.4 The word “installed” has been deleted from the phrase “installed maximum continuous rating” as this rating is provided to the *IESO* by the transmission customer who has the responsibility to ensure that this information reflects the correct maximum capacity to which transmission charges may apply. In addition, the word “facilities” has been changed to “facility”.
- 4.5.5. No changes.

### PART 4 – PROPOSED AMENDMENT

## 4.5 Alternative Metering Installation Standards for Embedded Generation Facilities

4.5.1 A *transmission customer* that has an *embedded generation facility* that:

- 4.5.1.1 ~~is not separately registered as a generation facility in the IESO-administered markets~~ registers a metering installation for the purpose of determining transmission charges;

- 4.5.1.2 is rated ~~at greater than or equal to 1 MW and~~ less than 20 MW; ~~and~~
- 4.5.1.3 meets the applicable Ontario Uniform Transmission Rate Schedule requirements with respect to the transmission *delivery point* through which the *generation facility* is connected to the *transmission system* and attracts Line or Transformation Connection Service charges; ~~and~~
- 4.5.1.4 ~~the applicable required approvals for the embedded generation facility were obtained after October 30, 1998; [Intentionally left blank – section deleted.]~~

shall either comply with the *metering installation* standards specified elsewhere in this Chapter 6 or with the alternative *metering installation* standards specified in this section 4.5 for that *embedded generation facility*.

4.5.2 A *transmission customer* that chooses to meet the alternative *metering installation* standards of this section 4.5 for an *embedded generation facility* shall, in accordance with the applicable *market manual*, have their *metering service provider*:

- 4.5.2.1 register with the *IESO* a *metering point* for that *embedded generation facility* ~~without a wholesale physical meter; or,~~
- 4.5.2.2 ~~change the registration with the IESO for the metering point for that embedded generation facility without a corresponding wholesale physical meter. [Intentionally left blank – section deleted.]~~

4.5.3 Within three months of the calendar year end, the *transmission customer* shall, for each *embedded generation facility* for which a *metering point* has been registered ~~without a corresponding wholesale physical meter~~ under the alternative metering installation standards of this section 4.5, in the manner specified in the applicable *market manual*:

- 4.5.3.1 determine the annual adjustment dollar value for the applicable *transmission service charges* based on the impact of the actual output of the *embedded generation facilities* ~~facility~~;
- 4.5.3.2 obtain agreement of the *transmitter* as to this adjustment amount; and
- 4.5.3.3 submit this information to the *IESO*.

4.5.4 In the event that the *IESO* does not receive the information specified in section 4.5.3 within the time specified in section 4.5.3, the *IESO* shall use the ~~installed~~ *maximum continuous rating* for the *embedded generation facilities* ~~facility~~, provided to the *IESO* at the time of the *meter point* registration referred to in section 4.5.2.

4.5.5 The *IESO* shall adjust the applicable *transmission service charge settlement amounts* by any such amount, submitted in accordance with section 4.5.3 or by the amount determined under section 4.5.4, for the *transmission customer* and the

*transmitter*. The *IESO* shall make this adjustment on the applicable *settlement statement* for the last day of the month in which the adjustment information is received or the last day of the month in which the *IESO* determines the adjustment amount, whichever is applicable.

**PART 5 – IESO BOARD DECISION RATIONALE**

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