



Market Rule Amendment Written Submission

This form is used to provide comment on a *market rule* amendment under consideration by the *IESO*. Please complete all four sections 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 Written 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* intends to *publish* this written submission.

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 your organization and contact information in full.

Name: David Curtis, Hydro One Networks Inc.

(if applicable) *Market Participant /*

Metering Service Provider No.¹: 102007

Market Participant Class:

Transmitter/Distributor/Metering Service
Provider

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PART 2 – MARKET RULE AMENDMENT REFERENCE

Type of Rule Amendment Being Commented on (please indicate with x):

Amendment Submission Proposed Rule Amendment Recommended Rule Amendment

MR Number: MR-00366: Technical Feasibility Exceptions

This *Market Rule* number is located on the “Current Market Rule Amendment” web page.

Date Relevant *Amendment Submission*, Proposed or Recommended Rule Amendment Posted for Comment: _____

¹ This number is a maximum of 12 characters and does not include any spaces or underscore.

PART 3 – COMMENTS ON RULE AMENDMENT

Provide your comments.

Hydro One Networks Inc. (“Hydro One”) appreciates the opportunity to review and comment on the proposed Market Rule Amendment MR-00366 Technical Feasibility Exceptions.

This Market Rule amendment is needed specifically because the IESO has decided to adopt a “made in Ontario” process to assess and approve the exceptions that the NERC Critical Infrastructure Protection (“CIP”) standards permit to entities required to comply with these standards. It is Hydro One’s view that the proposed amendment would not have been necessary had the IESO decided to use the procedures that NERC and NPCC have already in place.

Hydro One offers the following comments for your consideration:

1. Section 3.2A.1

The proposed Section 3.2A.1 reads:

3.2A.1 Subject to section 3.2A.4 the *IESO* may:

- 3.2A.1.1 approve, terminate, amend or transfer a *TFE application*, in whole or in part, subject to and including any terms and conditions the *IESO* determines appropriate or disapprove a *TFE application*, in whole or in part;
- 3.2A.1.2 reject or accept a *TFE application* in whole or in part; or
- 3.2A.1.3 terminate or amend an approved *TFE*, in whole or in part, subject to any terms and conditions the *IESO* determines appropriate.

As written, this Section is not clear and may confuse market participants who are not familiar with the intent of the process. First, Hydro One suggests that the clauses in this section be re-arranged to follow the sequence of events in the TFE process. Second, a TFE cannot be terminated or amended unless it has been previously approved, in whole or in part. Third, there should be consideration to extend the validity of a TFE at the time it expires. Therefore, Hydro One proposes the following Section 3.2A.1:

3.2A.1 Subject to section 3.2A.4 the *IESO* may:

- 3.2A.1.1 accept or reject a *TFE application*. Accepted *TFE applications* will be assessed by the *IESO*;
- 3.2A.1.2 following the assessment of a *TFE application*, approve a *TFE application*, in whole or in part, subject to and including any terms and conditions the

PART 3 – COMMENTS ON RULE AMENDMENT

IESO determines appropriate or disapprove a *TFE application*, in whole or in part. In approving a *TFE application*, in whole or in part, the *IESO* may amend or transfer the *TFE*;

3.2A1.3 terminate, extend its validity or amend an approved *TFE*, in whole or in part, subject to any terms and conditions the *IESO* determines appropriate.

2. Section 3.2A.2

The proposed Section 3.2A.2 reads:

3.2A.2: A *TFE applicant* may, in accordance with the applicable *market manual*, request the *IESO* approve, amend, transfer, or terminate one or more *TFEs* by filing with the *IESO* a *TFE application* for each required *TFE*. A *TFE applicant* may withdraw a *TFE application* at any time.

According to our comment above, Hydro One suggests that Section 3.2A.2 be modified to include the extension of the validity of a *TFE* once the expiry time is reached. This Section could read:

3.2A.2 A *TFE applicant* may, in accordance with the applicable *market manual*, request the *IESO* to amend, transfer, terminate or extend one or more approved *TFEs* by filing with the *IESO* a *TFE application* for each required *TFE*. A *TFE applicant* may withdraw a *TFE application* at any time.

3. Section 3.2A.3

Hydro One suggests the deposit amount be made optional by the *IESO*. Doing so will simplify the process while keeping its flexibility.

As written, Section 3.2A.3 reads:

3.2A.3 Subject to section 3.2A.4, a *TFE applicant* shall provide to the *IESO*:

3.2A.3.1 a deposit amount;

3.2A.3.2 any supporting documentation; and

3.2A.3.3 an executed agreement pursuant to which the *TFE applicant* agrees to pay to the *IESO* an amount equal to all of the reasonable costs incurred by the *IESO* in assessing the *TFE application*.

Hydro One suggests changing to:

PART 3 – COMMENTS ON RULE AMENDMENT

3.2A.3 Subject to section 3.2A.4, a *TFE applicant* shall provide to the *IESO*:

3.2A.3.1 any supporting documentation; and

3.2A.3.2 an executed agreement pursuant to which the *TFE applicant* agrees to pay to the *IESO* an amount equal to all of the reasonable costs incurred by the *IESO* in assessing the *TFE application*.

3.2A.4 The IESO may choose to request a reasonable deposit amount before proceeding to assess an accepted *TFE application*.

4. Hydro One expects that the IESO will practice strict confidentiality when handling TFE submissions.

5. Hydro One would like assurance that any actions taken to follow the “made in Ontario” TFE procedure will not result in non-compliance with NERC procedures.

6. Hydro One believes that payments should not be collected from affected market participants for the screening and assessment of TFEs for the following reasons:

- In other jurisdictions in North America, owners of critical cyber asset are not subject to fees regarding TFE assessments. The TFE Cost Recovery Principles proposed by the IESO are unique to Ontario and uncommon in North America.
- Charging a fee may discourage market participants from filing TFEs. Owners of critical cyber asset may be discouraged from submitting TFEs to avoid paying these associated fees.

While Hydro One does not wish to delay implementation of the “modified” TFE process for Ontario, it is our belief that the Ontario Energy Board (“OEB”) should be made aware of the proposed TFE Cost Recovery Principles and their implications to both the IESO who will be collecting payments for TFE assessments, and the affected market participants.

PART 4 – EXTERNAL CONSULTATION MEETING

If you believe that a special meeting of stakeholders would be necessary/desirable to discuss the issues raised by the rule amendment, please complete the following information:

External Stakeholdering meeting necessary/desirable (please indicate with x):

Reason(s) why you believe a meeting is necessary/desirable: