



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00379		
Subject:	Reliability Standards		
Title:	Effective Dates for Reliability Standards		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input checked="" type="checkbox"/> Addition
Chapter:	5, 11	Appendix:	
Sections:	Ch 5, 1.2.6 (new), 1.2.7 (new), Ch 11 Definitions		
Sub-sections proposed for amending:			

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel review	March 15, 2011
2.0	Draft for Technical Panel review	April 13, 2011
3.0	Publish for Stakeholder Review and Comment	April 21, 2011
4.0	Publish for Stakeholder Review and Comment	May 2, 2011
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

It is proposed to amend the market rules to ensure that reliability standards approved by a standards authority are declared in force in Ontario only after they are declared in force in the United States (US), and after the completion of any statutory review periods during which no reviews are requested of, or initiated by the Ontario Energy Board (OEB).

This proposal will provide clarity regarding effective dates of both North American Electric Reliability Corporation (NERC) reliability standards and Northeast Power Coordinating Council (NPCC) reliability criteria, and better ensure that the effective dates of reliability standards in Ontario align with the dates in other jurisdictions and do not disadvantage Ontario parties subject to such standards.

In addition, it is proposed where a reliability standard approved by NERC failed to achieve approval by the NERC registered ballot body as specified in NERC's Rules of Procedures, the reliability standard will not be in force in Ontario unless and until the IESO determines that all or part of the reliability standard is in force in Ontario.

Background

Refer to MR-00379-Q00.

Discussion

Chapter 5

Amend the market rules in Chapter 5, section 1.2.6 (new) to specify that subject to section 1.2.7, the conditions required for NERC reliability standards or NPCC reliability criteria to be declared in force in Ontario are:

- Section 1.2.6.1: the reliability standards are declared in force in the US, following approval by FERC where required. This condition will include NERC standards and NPCC regional standards (a special case of a NERC standard). For NPCC reliability criteria, which do not require FERC approval, the criteria must have been declared in force by NPCC (i.e. following their approval by, and on the date specified by NPCC). The date specified by NPCC is coordinated with all NPCC members upon completion of their respective regulatory review periods, and at a minimum will provide for the 21 day period for requesting review by the OEB.
- Section 1.2.6.2: after the expiry of the period for initiating a review before the OEB, and the conclusion of any such review.

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

- Section 1.2.6.3: where the reliability standards have not been stayed or revoked and referred back to the standards authority for further consideration by the OEB. For completeness and clarity, this condition has been extracted from the existing definition of “reliability standards” in Chapter 11, and placed in this section.

Section 1.2.6 further specifies that the reliability standards will cease to be in force in Ontario when they cease to be in force in the US. In addition, on the effective date of the proposed rule amendments, market participants will no longer be required to meet reliability standards that are currently in effect in Ontario but not the US (commonly referred to as “in-flight standards”), until such time the reliability standards are declared in force in the US.

The proposed changes above are complementary to NERC’s “Appendix C - Procedure for Coordinating Reliability Standards.”

- Section 1.2.7 specifies where a reliability standard approved by NERC failed to achieve approval by the NERC registered ballot body as specified in NERC’s Rules of Procedures, the reliability standard will not be in force in Ontario unless and until the IESO determines, in consultation with affected market participants, that all or part of the reliability standard is in force in Ontario. The IESO will publish notice of its determination (i.e. to accept, reject, or accept a portion of the standard) and where applicable (i.e. the IESO accepts all or a portion of the standard), such reliability standard will come into effect in accordance with section 1.2.6.

Proposed 1.2.7 is consistent with Ontario Regulation [452/06](#), where one of the additional objects of the IESO is “to establish and enforce standards and criteria relating to the reliability of transmission systems,” and its rule making authority under section 32(1)(c) of the Electricity Act. It reinforces the IESO’s support of the industry led standards development process while reserving judgment on standards made outside that process.

Chapter 11

For clarity, it is proposed to:

- Amend the definition of “standards authority” to explicitly reference NPCC, which has been designated as a standards authority under Ontario Regulation 214/08. As a matter of clean-up, it is also proposed to replace “the North American Electric Reliability Corporation” with NERC, which is a defined term in Chapter 11;
- Remove from the definition of “reliability standards” the condition regarding the OEB review process and to place this condition in section 1.2.6.3;
- Add a cross reference in the definition of “reliability standards” to the conditions which must be met in Ch 5, sections 1.2.6 (new) and 1.2.7(new) in order to be declared in force in Ontario.

PART 4 – PROPOSED AMENDMENT

Chapter 5

1.2 General Principles

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1.2.6 Subject to section 1.2.7, *reliability standards* established by a *standards authority* shall be declared in force in Ontario:

1.2.6.1 where the *reliability standards* are declared in force in the United States or, for *NPCC* reliability criteria, when declared in force by *NPCC*; and

1.2.6.2 after the expiry of the period for initiating a review before the *Ontario Energy Board* and the conclusion of any such review; and

1.2.6.3 where the *reliability standards* have not otherwise been stayed or revoked and referred back to the *standards authority* for further consideration by the *Ontario Energy Board*;

and shall cease to be in force in Ontario when they cease to be in force in the United States. For certainty, the operation of any *reliability standard* that had been in effect in Ontario but had not been declared in force in the United States when this rule amendment went into effect shall be stayed until such *reliability standard* has been declared in force in the United States.

1.2.7 Notwithstanding section 1.2.6, where a *reliability standard* approved by *NERC* failed to achieve approval by the *NERC* registered ballot body as specified in *NERC's* Rules of Procedure, the *reliability standard* will not be in force in Ontario unless and until the *IESO* determines, in consultation with affected *market participants*, that all or part of the *reliability standard* is in force in Ontario. The *IESO* shall *publish* notice of its determination and where applicable, such *reliability standard* will come into effect in accordance with section 1.2.6.

Chapter 11

1. Definitions

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

reliability standards means the criteria and standards, including an amendment to a standard or criterion, relating to the *reliable* operation of the *integrated power system* established by a *standards authority*, and declared in force subject to Chapter 5, sections 1.2.6 and 1.2.7 ~~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*;

PART 5 – IESO BOARD DECISION RATIONALE

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