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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00384		
Subject:	Compliance		
Title:	Technical Feasibility Exceptions – Maintenance Cost Recovery		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	5	Appendix:	
Sections:	3.2A.3.3, 3.2A.4, 3.2A.5, 3.2A.5.2, 3.2A.5.3, 3.2A.10		
Sub-sections proposed for amending:			

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel review	August 16, 2011
2.0	Draft for Technical Panel review	September 13, 2011
3.0	Publish for Stakeholder Review and Comment	September 22, 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 clarify the authority of the IESO to recover costs incurred during the “maintenance phase” of approved Technical Feasibility Exceptions (TFEs). Upon implementing the TFE process under [MR-00366](#), the IESO is concerned that the market rules may not allow the IESO to recover costs incurred during the maintenance period after a TFE is approved until the TFE is no longer in effect.

**Background**

Refer to MR-00384-Q00.

**Discussion**

Chapter 5, section 3.2A

Amend the market rules in section 3.2A.3.3 to specifically allow the IESO to recover maintenance costs incurred during the maintenance phase of an approved TFE. MACD will define a schedule for reporting with respect to an approved TFE, with the frequency and content of such reporting determined in consultation with TFE applicants in order to maximize efficiencies for each party to the extent acceptable by MACD.

It is proposed to amend section 3.2A.10 to allow the IESO to periodically invoice a TFE applicant for the maintenance costs incurred for an approved TFE until such time as the TFE is no longer in effect, less the amount of any deposit not previously applied against the IESO’s costs and expenses.

For consistency throughout section 3.2A (with the exception of 3.2A.7), it is also proposed to replace the terms “assess, assessment, and assessing” with the terms “process and processing” as applicable.

**PART 4 – PROPOSED AMENDMENT****Chapter 5****3.2A Technical Feasibility Exceptions**

3.2A.1 The *IESO* may:

- 3.2A.1.1 reject or accept a *TFE application* in whole or in part;
- 3.2A.1.2 approve 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.1.3 upon the request of a *market participant* amend or transfer a *TFE*, in whole or in part, subject to and including any terms and conditions the *IESO* determines appropriate; or
- 3.2A.1.4 terminate or amend an approved *TFE*, in whole or in part, subject to any terms and conditions the *IESO* determines appropriate.
- 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*, and shall, in accordance with the applicable *market manual* submit to the *IESO* an initial deposit. A *TFE applicant* may withdraw a *TFE application* at any time.
- 3.2A.3 Upon request by the *IESO*, a *TFE applicant* shall provide to the *IESO*:
- 3.2A.3.1 a substantive review 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~~ processing the *TFE application* and maintaining an approved *TFE* until such time as the *TFE* is no longer in effect.
- 3.2A.4 The *IESO* shall ~~assess~~ process a *TFE application* in accordance with Ontario-adapted *NERC* procedures for processing *TFE applications* as set out in the applicable *market manual*.
- 3.2A.5 Where applicable, for each *TFE application*, the *IESO* shall establish a cost threshold or subsequent cost thresholds which it considers to be reasonable and which will form part of the executed agreement set out in section 3.2A.3.3 and will monitor expenditures against the ~~assessment~~ processing costs of a *TFE application* and where that threshold is reached:
- 3.2A.5.1 the *IESO* shall advise the *TFE applicant* of the work and costs incurred to date;
- 3.2A.5.2 the *IESO* shall provide an estimate to the *TFE applicant* of the further work and costs necessary to complete the ~~assessment~~ processing of the *TFE application*; and

- 3.2A.5.3 the *TFE applicant* may choose to continue with the assessment processing of the *TFE application* or discontinue the ~~assessment processing~~ of the *TFE application*. In the event that the *TFE applicant* chooses to discontinue the assessment processing by withdrawing the *TFE application*, the *IESO* shall issue an *invoice* to the *TFE applicant* for the reasonable costs incurred by the *IESO* to that point.
- 3.2A.6 The *IESO* may utilize an independent third party to review a *TFE application* submitted by a *TFE applicant*.
- 3.2A.7 The *IESO* may consult with *NERC* or *NPCC* in its assessment of a *TFE application*.
- 3.2A.8 A failure by a *market participant* or the *IESO* to meet any of the terms and conditions of an approved *TFE* shall be a breach of the *market rules* and the *IESO* may terminate the approved *TFE* and require the *TFE applicant* to become compliant with the applicable *NERC reliability standard*.
- 3.2A.9 Subject to section 3.2A.4, all *TFEs* which remain in effect are subject to periodic review, in accordance with the applicable market manual, to verify continuing justification for the *TFE*.
- 3.2A.10 The *IESO* shall submit an *invoice* to a *TFE applicant* upon completion of the processing of that applicant's *TFE application* in an amount equal to all of the *IESO's* costs and expenses up to the point of deciding whether to approve or disapprove the *TFE*. The *IESO* may thereafter, from time to time, submit further invoices to the *TFE applicant* for costs and expenses for maintaining the approved *TFE* until such time as the *TFE* is no longer in effect, less in each case, the amount of any deposit paid pursuant to section 3.2A.3.1 not previously applied against the *IESO's* costs and expenses. relating to the processing of the *TFE applicant's TFE application* less the amount of any deposit paid pursuant to section 3.2A.3.1.
- 3.2A.11 A *TFE applicant* shall, within thirty days of the date of an *invoice* referred to in section 3.2A.5.3 or 3.2A.10, pay to the *IESO* the amount owing.

**PART 5 – IESO BOARD DECISION RATIONALE**

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