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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	<b>MR-00290-R00</b>		
Subject:	<b>Market Surveillance</b>		
Title:	<b>Align Market Rules with OEB-IESO Protocol on Market Surveillance Panel – Market Rule Amendment Process</b>		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	3	Appendix:	
Sections:	4.3		
Sub-sections proposed for amending:	4.3.12		

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Submit for Technical Panel Review and Vote	26 Apr 05
2.0	Recommended by Technical Panel; Submitted for IESO Board Approval	3 May 05
3.0	Approved by IESO Board	2 Jun 05
Approved Amendment Publication Date:	June 6, 2005	
Approved Amendment Effective Date:	September 14, 2005	

**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**

These amendments propose to align the market rules with the protocol established between the Ontario Energy Board (OEB) and the IESO in regards to the market surveillance panel (MSP). This protocol was established because of the passage of Bill 100 that transferred the MSP from the IESO to the OEB.

The draft amendment proposal would remove from the market rules any implied or inferred obligations on the MSP. Since the transfer of the MSP from the IESO to the OEB under Bill 100, the MSP is no longer bound by the market rules. The activities of the MSP in relation to the IESO and the IESO-administered markets are now specified in the OEB by-law #3 and in the OEB-IESO protocol.

The proposed amendments would continue to allow the IESO to refer matters to the MSP and would identify the services that the MSP would provide to the IESO-administered markets under the protocol.

The proposed amendments are in the following subject areas:

- Market rule amendment process (R00);
- Aggregation of registered facilities (R01);
- Release of Pre-Dispatch Information (R02); and
- Local Market Power Mitigation (R03)

While unrelated to the OEB-IESO protocol, it is also proposed to remove an unnecessary obligation on the secretary of the dispute resolution panel regarding consultation on proposed amendments to the market rules related to dispute resolution (R00).

**Background**

Bill 100 (An Act to amend the Electricity Act, 1998 and the Ontario Energy Board Act, 1998 and to make consequential amendments to other Acts) was passed by the Ontario legislature in December 2004. One of the provisions of Bill 100 was to transfer the Market Surveillance Panel from the IMO/IESO to the Ontario Energy Board (OEB). This transfer took effect on January 1, 2005.

The IESO is maintaining a market assessment unit that, pre-Bill 100, provided analytical and administrative support to the Market Surveillance Panel. The market assessment unit will continue to provide that support to the Market Surveillance Panel. However, as the Market Surveillance Panel is no longer part of the IESO, the Panel is no longer bound by the market rules.

Under MR-00285, the IESO aligned the market rules with the provisions of Bill100, including some of the necessary changes reflecting the transfer of the Market Surveillance Panel. However, MR-00285 amendments did not address all of the rule provisions regarding the relative authorities and obligations of the Market Surveillance Panel and the market assessment unit. The Technical Panel believed that

### PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

making such amendments was premature until the OEB and the IESO developed a protocol on the relationship between the Market Surveillance Panel and the IESO market assessment unit.

The OEB and the IESO have developed the protocol that defines the relationship between the IESO market assessment unit and the Market Surveillance Panel. The OEB-IESO protocol authorizes the Market Surveillance Panel to provide advice and assistance to the IESO under circumstances currently defined in the market rules.

The market rules should be amended to be consistent with the protocol. The market rules should not impose or infer obligations on the Market Surveillance Panel, as the Panel is not bound by the market rules. However, in the interests of market and regulatory transparency, the market rules should continue to identify circumstances where the IESO may refer situations to the Panel and circumstances where the Panel may be providing services to the IESO-administered markets.

#### Discussion

The existing market rules regarding the rule amendment process obligate the IESO technical panel to consult with the chair of the market surveillance panel if the technical panel is considering amending the market rules regarding market surveillance. The existing market rules also obligate the chair of the market surveillance panel to consult with the members of the market surveillance panel on the matter.

This specific amendment proposes to remove the obligation on the chair of the market surveillance panel as the market rules no longer bind the market surveillance panel.

This amendment also proposes to remove the obligation on the secretary of dispute resolution panel to consult with members of the dispute resolution panel, as the secretary determines appropriate. This provision, in effect, obligates the secretary to exercise judgment in determining who is to be consulted, including not consulting with any member of the dispute resolution panel. Such an obligation (i.e. obligating someone to use their judgment) adds little or no value to the market and should be removed.

### PART 4 – PROPOSED AMENDMENT

## 4.3 Requests for Review or Amendment of Market Rules

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4.3.12 Where the *amendment submission* relates to or may affect:

4.3.12.1 any provision of section 2, the *technical panel* shall, prior to conducting any meetings pursuant to section 4.3.11 or, in the absence of such meetings, prior to voting on the matter, consult with the *secretary* of the *dispute resolution panel* with respect to the; and

4.3.12.2 any provision of section 3, the *technical panel* shall, prior to conducting any meetings pursuant to section 4.3.11 or, in the absence of such meetings, prior to voting on the matter, consult with the Chair of the *market surveillance panel* with respect to the matter.;

~~and each of the secretary and the Chair shall consult such members of their respective panels as they determine appropriate prior to consulting with the *technical panel*.~~

**PART 5 – IESO BOARD COMMENTS**

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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	<b>MR-00290-R01</b>		
Subject:	<b>Market Surveillance</b>		
Title:	<b>Align Market Rules with OEB-IESO Protocol on Market Surveillance Panel – Aggregated Registered Facilities</b>		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	7	Appendix:	
Sections:	2.3		
Sub-sections proposed for amending:	2.3.2.3		

### PART 2 – PROPOSAL HISTORY – PLEASE REFER TO MR-00290-R00

Version	Reason for Issuing	Version Date
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**

Please refer to MR-00290-R00.

**Background**

Please refer to MR-0290-R00.

**Discussion**

This amendment, in the interests of market transparency, proposes to clarify that the functions and obligations of the market surveillance panel are now defined in the Ontario Energy Board Act as well as the Electricity Act. The Ontario Energy Board by-law #3:

([http://www.oeb.gov.on.ca/documents/bylaw3\\_170105.pdf](http://www.oeb.gov.on.ca/documents/bylaw3_170105.pdf));

outlines the functions and obligations of the market surveillance. This by-law is authorized under the Ontario Energy Board Act.

**PART 4 – PROPOSED AMENDMENT**

**2.3 Aggregated Registered Facilities**

2.3.2 The ~~IMO-IESO~~ shall approve an application for the aggregation of *facilities* into a single *registered facility* unless:

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2.3.2.3 one or more of the facilities proposed to be aggregated is or includes a *generating* unit or a *load facility*:

- a. whose *offer* or *bid* information or whose in service or out of service status affects the numerical value of operating *security limits* in any manner;
- b. whose *offer* or *bid* information or whose in service or out of service status is information required by the ~~IMO-IESO~~ for conducting detailed *security* and resource adequacy assessment;

- c. whose *offer* or *bid* information or whose in service or out of service status is information required to be submitted to the *market assessment unit* or the *market surveillance panel* in furtherance of their respective functions and obligations under the *Electricity Act, 1998, the Ontario Energy Board Act, 1998* and these *market rules*; or
- d. whose *offer* or *bid* information, in service or out of service status or other information is required by *applicable law*, by *license*, by the *Ontario Energy Board* or by a *standards authority* to be submitted to or obtained by the ~~IMO~~IESO.

**PART 5 – IESO BOARD COMMENTS**

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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	<b>MR-00290-R02</b>		
Subject:	<b>Market Surveillance</b>		
Title:	<b>Align Market Rules with OEB-IESO Protocol on Market Surveillance Panel – Release of Pre-Dispatch Information</b>		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	7	Appendix:	
Sections:	5.5		
Sub-sections proposed for amending:	5.5.4		

### PART 2 – PROPOSAL HISTORY – PLEASE REFER TO MR-00290-R00

Version	Reason for Issuing	Version Date
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**

Please refer to MR-00290-R00.

**Background**

Please refer to MR-00290-R00.

**Discussion**

Under the existing market rules, in order to deter anti-competitive behaviours the IESO may make an urgent market rule amendment to limit the release of pre-dispatch information (chapter 7 section 5.5.4). The existing market rules obligate the IESO to refer the matter to the market surveillance panel and obligate the market surveillance panel to provide advice to the IESO on the merits of the urgent rule amendment.

The market rules should not impose the obligation on the Market Surveillance Panel to advise the IESO Board on the merits of an urgent rule amendment. It is more appropriate for the IESO to advise the Panel of such a matter, as the Panel has a legitimate interest in anti-competitive behaviours. Given the Panel's interest and expertise in this area, it is also appropriate that the IESO Board have the option of consulting with the Panel on an urgent rule amendment arising from such a situation.

**PART 4 – PROPOSED AMENDMENT****5.5 Release of Pre-dispatch Schedule Information**

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- 5.5.4 If the ~~IESO~~ determines that release of specific types of information in the *pre-dispatch schedule* may facilitate anti-competitive behaviour, the ~~IMO~~ IESO may limit the release of such information through an *urgent amendment* to these *market rules*. The IESO shall advise the market surveillance panel of the matter. The IESO Board may request the advice of the market surveillance panel and shall refer the matter to the market surveillance panel which panel shall advise the IMO Board of the need or otherwise for the *urgent amendment* to remain in effect.

**PART 5 – IESO BOARD COMMENTS**

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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	<b>MR-00290-R03</b>		
Subject:	<b>Market Surveillance</b>		
Title:	<b>Align Market Rules with OEB-IESO Protocol on Market Surveillance Panel – Local Market Power Mitigation</b>		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	7	Appendix:	7.6
Sections:	1.3		
Sub-sections proposed for amending:	1.3.5		

### PART 2 – PROPOSAL HISTORY – REFER TO MR-00290-R00

Version	Reason for Issuing	Version Date
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**

Please refer to MR-00290-R00.

**Background**

Please refer to MR-00290-R00.

**Discussion**

The current market rules obligate the market surveillance panel to establish methodologies used in local market power mitigation investigations (Appendix 7.6 section 1.3.5. This market rule must be changed as the market surveillance panel is no longer bound by the market rules. The market surveillance panel will continue to develop the methodologies, but under the authority of the OEB-IESO protocol on the market surveillance panel.

It is proposed to amend section 1.3.5 of Appendix 7.6 to:

- Remove the market rule obligation on the market surveillance panel to develop the methodologies specified in this section;
- Recognize, in the interest of market transparency, that the market surveillance panel does develop the subject methodologies;
- Maintain the obligation on the IESO Board to approve the methodologies and the obligation on the IESO to publish the methodologies.

**PART 4 – PROPOSED AMENDMENT**

**1.3 Initial Local Market Power Screens**

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1.3.5 The IESO shall publish the methodology, as determined by the market surveillance panel and approved by the IESO Board, for determining a pair of high end factors and a pair of low end factors for each type of reference price referred to in section 1.3.3, including the alternative reference price referred to in section 1.3.3.1B, if any. The market surveillance panel shall, for the purposes of section 1.3.2 and in accordance with sections 1.3.6 and 1.3.7, establish the methodology for determining a pair of high end factors and a pair of low end

~~factors for each type of reference price referred to in section 1.3.3, including the alternative reference price referred to in section 1.3.3.1B, if any. Such methodology shall:~~

- 1.3.5.1 ~~[Intentionally left blank – section deleted] be submitted to the IMO Board for approval; and~~
- 1.3.5.2 ~~[Intentionally left blank – section deleted] be published by the IMO in the form approved by the IMO Board.~~

**PART 5 – IESO BOARD COMMENTS**

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