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## Market Rule Amendment Written Submission

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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](mailto: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: Randy Heaton, Ontario Power Generation

(if applicable) *Market Participant /*

*Market Participant Class:*

*Metering Service Provider* No.<sup>1</sup>: \_\_\_\_\_

Generator

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E-mail Address: randy.heaton@opg.com

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

**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-00296-R00-R01

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:**

June 8, 2005

**PART 3 – COMMENTS ON RULE AMENDMENT**

Provide your comments.

1) Energy price is one of the most important signals produced by the electricity market. When a market is experiencing a supply shortfall such that serious emergency control actions are required, it is essential for the energy price to reflect the actual scarcity conditions that exist in the market. The current price solution in the IESO market has demonstrated that when the IESO implements serious emergency control actions (such as 5% voltage reductions and emergency purchases), price will actually decrease, thus encouraging loads to increase demand and generators to reduce supply. This counter-intuitive price response sends the wrong message to the market and jeopardizes the reliability of electricity supply in Ontario.

OPG remains concerned that this interim proposal does not adequately address the need for actual supply/demand response in the real-time market. The real-time price signal may continue to send loads the signal to consume electricity, at the same time as the IESO is implementing voltage reductions or other control actions that reduce demand.

OPG supports the interim proposal that allows the price to be administered after an emergency control action, with the caveats; that this rule will be re-considered as part of a permanent solution and a firm timeline on a real-time solution is adopted by the IESO staff, Technical Panel, and the IESO Board.

OPG agrees that a real-time permanent solution to the counter-intuitive prices associated with emergency control actions requires further stakeholdering, but would like to place a firm deadline on the Market Pricing Working Group. We propose that the MPWG be allowed a period of one month to provide a recommendation on alternatives that IESO staff can use as a basis for a proposal to take forward to the Technical Panel and then the IESO Board. If a consensus is not reached at MPWG, OPG proposes that IESO staff take forward a recommendation that reflects the best outcome for Ontario's electricity market. A record of all positions (supporting and dissenting) should be included for the Technical Panel and IESO Board to consider.

**PART 3 – COMMENTS ON RULE AMENDMENT**

2) OPG supports the market rule proposal to offset any emergency control action which affects market demand, as seen in Section 3.2.1.12 below. However, we oppose giving the IESO the ability to **decrease** the market demand in the market schedule.

3.2.1.12 during any period when the *IESO* undertakes an *emergency control* action which affects market *demand*, the *IESO* shall, where software capabilities permit, **increase or decrease** market *demand* in the *market schedule* to offset the impact of the *emergency control* action on the market *demand* where such impact can be determined with certainty.

The IESO has not given an explanation as to why this would increase Ontario's market efficiency and thus the inclusion of the ability to **decrease** market demand is out of scope at this time.

**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: