



Market Rule Amendment Submission

This form is used to request an amendment to, or clarification of, the *Market Rules*. Please complete the first four parts 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 Amendment 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* will *publish this amendment submission* if the *Technical Panel* determines it warrants consideration and may invite public comment.

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 contact information in full.

Name: IESO Staff

(if applicable) *Market Participant /
 Metering Service Provider* No.¹: N/A

Market Participant Class:
N/A

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PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: Day-Ahead Commitment Process

Title: Data Submission

Nature of Request (please indicate with x)

Alteration Deletion Addition Clarification

Chapter: 7 Appendix: 7.7 Sections: 2.2, 2.2C (new), 3.2A (new)

Sub-sections proposed for amending/clarifying: 2.2.6A, 1.3.3 (Appendix 7.7)

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

PART 3 – DESCRIPTION OF THE ISSUE

Provide a brief description of the issue and reason for the proposed amendment. If possible, provide a qualitative and quantitative assessment of the impacts of the issue on you and the *IESO-administered markets*. Include the Chapter and Section number of the relevant *market rules*.

While a day-ahead commitment of internal and external resources would be best accomplished through a day-ahead market in Ontario as all neighbouring markets have, the design, approval and implementation of such a market is not feasible before the summer of 2006. The IESO is proposing instead to use existing market mechanisms as much as possible and provide financial guarantees, to achieve at least some of the reliability benefits through a Day-Ahead Commitment Process.

This amendment submission represents one component of the Day-Ahead Commitment Process. The primary objectives of the Day-Ahead Commitment Process are to provide greater assurance that sufficient resources are committed day-ahead to meet forecast reliability needs in real-time. This assurance is to be accomplished through measures to address reliability needs for Ontario's power system in 2006. The design provides a day-ahead commitment process with financial guarantees referred to as reliability guarantees. The design proposes to improve the opportunities for the scheduling of imports, reduce import failures in real-time, and ensure sufficient internal generation resources are on line in real-time to satisfy reliability needs. Additional information regarding these reliability needs and the high-level Day-Ahead Commitment process design can be found at http://www.ieso.ca/imoweb/consult/consult_isr.asp.

The Ontario power system was frequently operated in an emergency operating state throughout the summer of 2005. There was extensive use of emergency control actions to avoid cutting non-dispatchable load in Ontario. Emergency control actions taken in the summer of 2005 included:

- Public appeals to reduce electricity consumption – on 12 days
- Emergency energy purchases – in 17 hours
- Environmental variances (allow temporary easing of restrictions to protect the environment) – on 4 days
- Operating to emergency condition limits – on 3 days
- Issue an emergency alert (notifies recipients of emergency conditions pending or present) – 23 times
- Voltage reductions – 13 hours over 2 days

This level of unreliability is unacceptable to Ontario and our neighbours. Since any meaningful increase in Ontario supply resources is a couple of years away, Ontario will continue to be dependent on reliable performance from the existing internal resources and from imports.

Imports into Ontario are currently scheduled only one hour prior to delivery. All of the markets surrounding Ontario allow intertie transactions to be scheduled day-ahead as well as in real-time. The NYISO gives priority to their day-ahead scheduled intertie transactions by pre-emptively curtailing hourly intertie transactions when there is expected to be a need to curtail intertie transactions through existing NERC congestion management processes. Also, scheduling these transactions day ahead provides more time for market participants to make the arrangements necessary to allow the power to flow in real time such as economic scheduling in all markets involved. The difficulties associated with making these arrangements in real-time can limit import availability to Ontario, and can often lead to significant levels of import transaction failures in the Ontario market. These failures can be the equivalent of a forced outage of a large generator, since the import failures are not identified until about 30 minutes before they were intended to start flowing and the size of the failures can be in the order of hundreds of MWs. Import failures occur almost every day and this past summer were consistently a significant contributor to Ontario's reliability concerns.

PART 3 – DESCRIPTION OF THE ISSUE

In order to provide an opportunity to schedule imports efficiently day-ahead, the internal resource picture must also be known day-ahead. Market participants, by providing the IESO with day-ahead bids and offers for all dispatchable resources intending to be available to operate the next day, as well as the best forecast for all non-dispatchable resources, will ensure both internal and external resources can compete in the day-ahead timeframe to create a reliable and achievable day-ahead operational plan. This will also provide Ontario's resource operators and importers with a more reasonable expectation of their facility operations for the next day than is currently possible.

PART 4 – PROPOSAL (BY SUBMITTER)

Provide your proposed amendment. If possible, provide suggested wording of proposed amendment.

The market rules should be amended in the following fashion to facilitate the submission of data to the IESO by market participants necessary to support the day-ahead commitment process:

Amend section 2.2.6A of Chapter 7 by obligating market participants to register with the IESO the minimum loading point and the minimum run-time for generation resources in Ontario that have minimum loading points greater than zero megawatts and minimum run-times greater than one hour. Market participants would register this data in accordance with the existing facility registration market rules which will make it easier for both market participants and the IESO since this process is already in place. Market participants would still be able to register "forbidden regions" and "period of steady operation" for their facilities.

Insert a new section 2.2C "Generation Facility Eligibility for the Day-Ahead Generation Cost Guarantee (DACGC)". This section would closely mirror the existing section 2.2B "Generation Facility Eligibility for the Generation Cost Guarantee". The elements of the new section 2.2C would include the following:

- Eligibility requirements including the facility is not a quick-start facility, the facility is a dispatchable generation resource, the facility is located in Ontario, the market participant has registered the facility to participate in the Day-Ahead Generation Cost Guarantee and the market participant has submitted to the IESO the minimum run-times and minimum loading points (see proposed amendments to section 2.2.6A discussed above) and has also submitted the combined guaranteed costs for the facility.
- The IESO would retain the right to audit submitted data and to recover from the market participant any over-payments associated with inaccurate cost information.
- The IESO may constrain on a generation facility for resource adequacy but if the facility was not qualified for the Day-Ahead Generation Cost Guarantee it would not be eligible to receive these guaranteed payments.
- The IESO may, for reasons of reliability, constrain off a committed generation facility before the end of its minimum run-time. In this case a qualified generation facility shall remain eligible for the DACGC.
- Although it is not strictly necessary it may also be appropriate in this section to include for transparency purposes the statement that a generation facility that receives the DACGC would not preclude the market participant from also receiving real-time Congestion Management Settlement

PART 4 – PROPOSAL (BY SUBMITTER)

Credits (CMSC).

Since there is no intent to alter the existing real-time dispatch data submission process it is proposed to insert a new section 3.2A “Dispatch Data Submission to Support Day-Ahead Commitment” into Chapter 7. This section would specify the following:

- Market participants would be required to submit dispatch data in the day-ahead commitment process for each dispatchable generation facility that the market participant intends to make available in real-time. The market participant would provide/submit their dispatch data in the day-ahead commitment process to provide an envelope of the hours and energy and capacity for these hours that will be offered from these resources in the next dispatch day. If a market participant for a generation facility did not provide dispatch data in the DAC the facility could not be operated in real-time unless approved by the IESO. The IESO would be permitted to consider such a request but would not be obligated to accept such a request.
- Offers for energy-limited generation resources would be required to include daily energy limits.
- Bids for dispatchable load facilities would have to be submitted, including bids of +Maximum Market Clearing Price (+MMCP) for load facilities that did not want to be dispatched in real-time. A market participant for a load facility that submitted a +MMCP offer could not revise that offer in real-time to recognize a change in the operation of the dispatchable load facility unless approved by the IESO. The IESO would be permitted to consider such a request but would not be obligated to accept such a request.
- Mandatory submission of schedules from self-scheduling generation facilities, transitional generation facilities, and all intermittent generators.
- Voluntary submission of import offers including a NERC tag identifier by a registered market participant for a boundary entity. If the import offer was scheduled in the DAC it would be eligible to receive the Day-Ahead Intertie Offer Guarantee.
- There will also be a need to restrict the market participants from modifying their bids/offers during the day-ahead pre-dispatch scheduling and commitment process with the possible exception of bids from energy limited resources.

Amend Appendix 7.7 “Radial Intertie Transactions” section 1.3.3. There will likely be a consequential amendment to this section of the market rules to specify the timelines under which a market participant may make a request to the IESO to run a generation facility in the segregated mode of operation. The timing of the submission of such a request will likely be impacted by the application of a Day-Ahead Commitment process by the IESO.

For further information relating to prospective rule amendments necessary to implement the Day-Ahead Commitment process please refer to MR-00305-Q00: Day-Ahead Commitment Process – Reliability Guarantees and MR-00304-Q00: Day-Ahead Commitment Process – Pre-Dispatch Scheduling and Commitment.

PART 5 – FOR IESO USE ONLY

Technical Panel Decision on Rule Amendment Submission: _____

MR Number: MR-00303

Date Submitted to *Technical Panel*: November 3, 2005

Accepted by *Technical Panel* as: (please indicate with x) Date:

General Urgent Minor November 8, 2005

Criteria for Acceptance:

It identifies an IESO-controlled grid operating reliability concern. In the summer of 2005 the IESO resorted to the use of Emergency Control Actions on numerous occasions. The existing market rules do not fully facilitate the scheduling and delivery of imports nor the commitment of internal resources necessary to maintain the reliable operation of the IESO-controlled grid. This situation should not be sustained on into the future, especially for the summer of 2006.

Priority: High.

Criteria for Assigning Priority:

- 1. Pervasiveness of the problem. In the summer of 2005 the IESO resorted to the use of Emergency Control Actions to maintain the reliable operation of the IESO-controlled grid including the use of voltage reductions. Voltage reductions have an impact on all consumers of electricity in Ontario and are indicative of the nature and the severity of these reliability impacts which require resolution. The IESO believes that the existing system conditions will not improve and in fact may worsen by the summer of 2006 if corrective action is not taken. The number of affected market participants and the significant nature of these impacts would suggest that this amendment is a high priority.**
- 2. Practical consequences. A failure by the IESO-administered markets to resolve the identified reliability issues may cause others such as the Ontario government to take alternative actions to improve reliability in Ontario. This consideration suggests that the issue needs to be addressed in a timely manner and solutions need to be in place prior to the next period of anticipated electricity system stress.**

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

Technical Panel Minutes Reference: IESOTP 172-1

Technical Panel Comments: _____