



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00121-R00		
Subject:	Data, Scheduling, Dispatch, Prices		
Title:	Market Treatment of Facilities With Multiple Connection Points – Aggregation as Single Connection		
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 and 2.3.2A (new)		

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Submitted for Technical Panel Review	25 March 2004
2.0	Published for Stakeholder Review and Comment	2 April 2004
3.0	Submitted for Technical Panel Review and Vote	14 April 2004
4.0	Recommended by Technical Panel and Submitted for IMO Board Approval	20 April 2004
5.0	Approved by the IMO-Board	June 10, 2004
Approved Amendment Publication Date:	June 11, 2004	
Approved Amendment Effective Date:	July 6, 2004	

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

- The reason for the proposed amendment and the impact on the *IMO-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 *IMO-administered markets*.

Summary

It is proposed to extend the eligibility criteria for aggregation of market participant facilities to those facilities connected to the IMO-controlled grid at more than one connection point that can be modeled as a single connection point. The current market rules only permit aggregation of facilities that have a single connection point to the IMO-controlled grid.

These amendments will improve market efficiency by providing more flexibility for market participants with eligible facilities to transact within the IMO-administered markets, while still maintaining reliable operation of the IMO-controlled grid.

Background

Prior to market commencement, the existing market rules for aggregation of market participant facilities were developed and approved with the provision that only facilities that have a single connection point to the IMO-controlled grid shall be aggregated. The reason for this provision was a concern that in order to manage reliable operation of IMO-controlled grid, the IMO needs to be able to predict and observe actual flows on all parts of the IMO-controlled grid. Aggregation of facilities connected to the IMO-controlled grid at more than one connection point would not allow the IMO to be able to predict and observe actual flows on parts of the IMO-controlled grid within the aggregation.

Aggregation of its facilities allows the market participant to submit only one set of dispatch data and receive only one dispatch instruction for all of the facilities. The market participant is able to adjust generation, or consumption, behind the aggregation in a manner of the participant's choosing, and may be able to achieve more efficient operation of its facilities.

Market participants at the time that the existing market rules were developed and approved advised that those rules were very restrictive, in some cases not necessary, and in other cases were not recognizing the physical operational realities of certain types of facilities. Market participants have continued to raise the issue of expanded aggregation with the IMO. The issue has been expanded to examine the treatment of market participant facilities with more than one connection point to the IMO-controlled grid but whose output at the facilities are dependent. Examples of such facilities are combined cycle gas turbine (CCGT) generation facilities and cascade river hydroelectric generation facilities.

Recently, the IMO formed an ad hoc working group with market participants to address the market treatment issue of these types of facilities. This amendment proposal would address a limited set of these facilities. The IMO and market participants are continuing to work on addressing the issues of the remaining facilities.

Discussion

These rule amendments would allow the aggregation of a market participant's facilities that are connected to the IMO-controlled grid with more than one connection point, provided that these facilities can be modeled as a single connection point. That is, all the aggregated facilities can be

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

represented as a single facility that would represent the total injections or withdrawals of the individual facilities.

This amendment would allow aggregation of at least one known set of market participant facilities at this time. Rather than having that market participant seek an exemption from the existing market rules, the IMO believes that the market rules should be amended to allow for this type of aggregation. There may be other existing facilities where this amendment would have application. This amendment may also have application to potential new market entrants.

For the known generation facilities to which this amendment would have application, it is expected to result in efficiencies in the operation of those facilities. The market participant will be able to improve the efficient operation of the facilities through the submission of one set of dispatch data reflecting the efficient output of the aggregated facilities, and be able to meet a single dispatch instruction through adjusting operation of the individual facilities.

It should be noted that aggregation of facilities that would be permitted under the proposed amendment would not be applicable for the calculation of transmission charges for those facilities. The Ontario Energy Board Transmission Rate Order specifies when aggregation is permitted for the calculation of transmission charges.

PART 4 – PROPOSED AMENDMENT

2.3 Aggregated Registered Facilities

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

2.3.2.1 the registration information for the *facilities* proposed to be aggregated fails to satisfy the conditions of section 2.2;

2.3.2.2 the registration information fails to demonstrate one or more of the following in respect of the *facilities* proposed to be aggregated;

- a. that they are all located within the *IMO control area*;
- b. subject to section 2.3.2A, that they are all *connected* to the *IMO-controlled grid* at the same *connection point*;
- c. that they are all under the operational control of a single *market participant* and that such *market participant* is authorized to submit *dispatch data* for all of them;
- d. that operational communication between each of them and the *IMO* meets all applicable standards and protocols; or

- e. that they all have relevant metering systems to be used for *settlements* purposes that satisfy the requirements of Chapter 6; or
- 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* 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* 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*.
- 2.3.2.4 the applying *market participant* fails to provide the certification referred to in section 2.2.3.3 in respect of any of the *facilities*;
- 2.3.2.5 the applying *market participant* fails to provide the certification referred to in section 2.2.3.4 in respect of any of the *facilities*; or
- 2.3.2.6 the applying *market participant* fails to successfully complete the testing or to permit the inspection referred to in section 2.2.3.5 in respect of any of the *facilities*.

2.3.2A Notwithstanding section 2.3.2.2b, the *IMO* may approve an application for the aggregation of *facilities* into a single *registered facility* that are not all *connected* to the *IMO-controlled grid* at the same *connection point*, provided that, in the sole judgement of the *IMO*, they can be represented as a single point of injection or withdrawal without compromising the *reliability* of the *IMO-controlled grid*. Aggregation for the purposes of calculating *transmission service charges* is specified in the then current *Ontario Energy Board Transmission Rate Order*.

PART 5 – IMO BOARD COMMENTS

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