



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.: MR-00195-R00	
Subject: Congestion Management Settlement Credits	
Title: Recommendations from July 2003 Market Surveillance Panel Report – Self Induced Constrained-Off CMS Payments and Negative Priced Import Offers	
Nature of proposal (please indicate with X): <input checked="" type="checkbox"/> Alteration <input type="checkbox"/> Deletion <input type="checkbox"/> Addition	
Chapter: 9	Appendix:
Sections: 3.5	
Sub-sections proposed for amending: 3.5.1A (new), 3.5.6.1	

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Submitted for Technical Panel Review	November 6, 2003
2.0	Submitted for Technical Panel Review	November 20, 2003
3.0	Recommended by Technical Panel and Submitted for IMO Board Approval	November 25, 2003
4.0	Approved by IMO Board	December 12, 2003
Approved Amendment <i>Publication</i> Date: December 15, 2003		
Approved Amendment <i>Effective</i> Date: January 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*.

As part of its ongoing analysis of the efficiency of the design and operation of the Ontario electricity market, the Market Surveillance Panel (MSP) undertook an examination of the role played by constrained off congestion management settlement credits (CMSC) payments in facilitating the efficient operation of the market. The Panel's conclusion, stated in a discussion paper published in February 2003, was that constrained off CMSC payments could be eliminated without any reduction in market efficiency.

Market participants responded to the discussion paper that constrained off payments should be evaluated in the context of the congestion management regime in its entirety and that significant changes in this regime would be counter-productive at this stage in the evolution of the market. The MSP followed up on its discussion paper by presenting to the IMO Board at its July 2003 meeting a report containing recommendations regarding the eliminating, reducing or mitigating some types of constrained off payments. The IMO Board endorsed these recommendations and directed IMO management to take action to implement these recommendations in on-going consultation with the Board.

Four of the IMO Board endorsed MSP recommendations require market rule amendments.

Summary

These market rule amendments propose the following changes to the congestion management settlement credit regime:

1. Eliminating self-induced (facility-induced) CMSC payments (MR-00195-R00) for dispatchable load facilities. Constrained off CMSC payments may result from a dispatchable load participant deviating from their dispatch instructions. It is possible that a market participant's ramp rate as indicated through its submission of dispatch data may prevent a facility from receiving increasing dispatch instructions from the IMO which in turn may lead to constrained off CMSC payments. The MSP concluded there is no market efficiency rationale for these CMSC payments and that the market rules should be amended to eliminate them. Addressing similar self-induced CMSC payments for dispatchable generation facilities will be the subject of a separate, future rule amendment.
2. Limiting constrained-off CMSC payments for negative priced offers from injecting boundary entities (MR-00195-R00). The MSP concluded there is no efficiency rationale for constrained off CMSC payments based on negative offer prices. If the market rules were amended so that the lower limit of the offer prices were set at zero for purposes of calculating the CMSC, the maximum possible CMSC payment would be equal to the market clearing price. This proposed limitation would not prevent a market participant from offering energy at negative prices nor does it prevent the scheduling of offers in accordance with negative prices. The MSP also concluded that in cases where the zonal price is negative and exceeds the offer price, constrained off payments should be based upon the negative zonal price in order to prevent unwarranted CMSC payments from market participants to the IMO.

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3. CMSC review and mitigation of hydroelectric facilities (MR-00195-R01, MR-00195-R02). Two modifications are proposed to the definition of the historical reference price for hydroelectric facilities. The applicable period for the historical reference price would be changed to 30 days prior to the trade date, rather than the current 90-day period. Also proposed is that the historical reference price would be based on the market clearing price weighted by the market schedule quantity, rather than the average offer price.

4. Constrained-off CMSC payments to imports (MR-00195-R03, MR-00195-R04, MR-00195-R05). It is proposed to amend the market rules to specify that the IMO will have the authority to remove import offers from New York or other jurisdictions from the offer stack when it is known with reasonable certainty that these import transactions can not be successfully scheduled.

Additionally, MR-00195-R06 proposes to amend the market rules, to permit the redistribution to load market participants any CMSC adjustments or CMSC payments that are recovered as a result of the implementation of the market rules proposed in MR-00195-R00.

MR-00195-R00-06 would implement the majority of the endorsement of the IMO Board at its meeting of July 3, 2003 of the recommendations of the Market Surveillance Panel (MSP) as presented in its report entitled: “Constrained Off Payments and Other Issues in the Management of Congestion”. The IMO Board directed IMO Management to take action to implement these recommendations in on-going consultation with the Board. At the meeting of the Technical Panel on August 26, 2003, it was agreed that MR-00195-Q00 warranted further consideration.

MR-00195-R00 focuses on those market rule amendments that are required to implement the elimination of self-induced constrained off CMSC payments and limiting constrained-off CMSC payments for negative priced offers from injecting boundary entities. These recommendations require market rule amendments in section 3.5 of Chapter 9 which specifies how hourly settlement amounts for congestion management are to be calculated. Two market rule amendments are proposed.

Self-Induced (Facility-Induced) Constrained Off CMSC

The first proposed amendment to section 3.5 relates directly to the issue of “self-induced” or “facility induced” constrained off congestion management settlement credit (CMSC) payments. MR-00195-R00 proposes to add a new section 3.5.1A to enable and authorize the IMO to either (i) avoid making such CMSC payments entirely, or (ii) to completely recover such payments after the fact from applicable dispatchable loads. CMSC is an automated calculation initiated when there is a difference between market schedule and dispatch quantities. The modifications considered here often require additional information about facilities and some judgement regarding the level of adjustment. With experience it may eventually be possible to automate some of this or assess these manually and modify data or calculations, as necessary, before CMSC is determined. Until then it is more reasonable to do this manually after the fact.

Section 3.5.1A identifies the condition under which the IMO may need not pay or may recover inappropriate CMSC payments that arise due to the interaction of specific actions or inactions of market participants and the manner in which CMSC payments are calculated, namely, if a dispatchable load facility deviates from its dispatch instructions; or if the ramping capability of a dispatchable load facility, as represented by the ramp rate set out in its bids, is below the threshold for the IMO to modify dispatch instructions and thereby prevents changes to the dispatch. Section 3.5.1A also specifies that any payments recovered would be redistributed to loads on the basis of monthly AQEW.

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Basing Constrained Off Payments on Negative Offer Prices

The second proposed amendment to section 3.5 relates to the issue of constrained off CMSC payments to an injecting boundary entity being calculated based upon an offer price that is, in most cases, no less than zero. If the zonal price is negative this becomes the lower bound rather than zero. This expands upon a recent urgent rule amendment (MR-00239) which implemented this modification for constrained off CMSC payments to Ontario based generation. It is proposed to further modify section 3.5.6.1 to include injecting boundary entities (imports).

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3.5 Hourly Settlement Amounts for Congestion Management

3.5.1 The *dispatch instructions* provided by the *IMO* to *market participant k* will sometimes instruct *k* to deviate from its *market schedule* in ways that, based on *market participant k's offers* and *bids*, imply a change to *market participant k's* net operating profits relative to the operating profits implied by *market participant k's market schedule*. When this occurs and *market participant k* responds to the *IMO's dispatch instructions*, *market participant k* shall, subject to Appendix 7.6 of Chapter 7, receive as compensation a *settlement credit* equal to the change in implied operating profits resulting from such response, calculated in accordance with section 3.5.2. If *market participant k* does not fully or accurately respond to its *dispatch instructions* from the *IMO*, the compensation paid to *market participant k* shall be altered as set forth in this section 3.5, or as otherwise specified by the *IMO*.

3.5.1A A registered market participant for a constrained off facility is not entitled to a congestion management settlement credit determined in accordance with section 3.5.2 as the result of the facility's own equipment or operational limitations, if

3.5.1A.1 a dispatchable load facility does not fully or accurately respond to its dispatch instructions; or

3.5.1A.2 if the ramping capability of a dispatchable load facility, as represented by the ramp rate set out in the offers or bids, is below the threshold for the IMO to modify dispatch instructions and thereby prevents changes to the dispatch;

and then the *IMO* may withhold or recover such congestion management settlement credits and shall redistribute any recovered payments in accordance with section 4.8.2 of Chapter 9.

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3.5.6 Subject to section 3.5.7, the *IMO* shall adjust, in the matrices specified in section 3.5.2 and for the purposes of determining the applicable congestion management settlement credit payments, any *offer price* that:

3.5.6.1 is associated with a *generation facility* located within Ontario or is associated with an injecting boundary entity; and

3.5.6.2 is less than a specified lower limit where such limit is the lesser of 0.00 \$/MWh and the *energy market price* for the applicable *dispatch interval*;

to that lower limit.

3.5.7 Until such time that the *IMO* has the software capability to make the adjustments specified in section 3.5.6 at the time of the determination of the CMSC payments, the *IMO* shall, at the end of each *billing period*, for all circumstances where an applicable *facility's* DQSI quantity and AQEI quantity are at least 1 MW less than the corresponding MQSI quantity, adjust the applicable *market participant's* CMSC payments for the previous *billing period* to the amount that would have been determined had section 3.5.6 been applied in first instance. This section shall cease to have effect and shall be noted as “[intentionally left blank]” when such software capability has been put into service.

PART 5 – IMO BOARD COMMENTS



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.: MR-00195-R01	
Subject: Congestion Management Settlement Credits	
Title: Recommendations from July 2003 Market Surveillance Panel Report - CMSC Review and Mitigation of Hydroelectric Facilities	
Nature of proposal (please indicate with X): <u> X </u> Alteration <u> </u> Deletion <u> </u> Addition	
Chapter: 11	Appendix:
Sections:	
Sub-sections proposed for amending:	

PART 2 – PROPOSAL HISTORY – PLEASE REFER TO MR-00195-R00

Version	Reason for Issuing	Version Date
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Approved Amendment <i>Effective</i> Date:		

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

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CMSC Review and Mitigation of Hydroelectric Facilities

MR-00195-R01 proposes to modify the definition of historical reference price in Chapter 11 of the market rules in order to implement the Market Surveillance Panel's recommended revision to the historical reference price for hydroelectric facilities. This revision would define the applicable period as being 30 days prior to the trade date rather than the current 90-day period. Also, the historical reference price across this period would be calculated based on the market clearing price weighted by the market schedule quantity rather than the offer price. The historical reference price for all other facilities would remain unchanged.

The existence or significance of opportunity cost is a common characteristic for hydroelectric generation facilities but not common for others. The MSP is concerned that the historical reference price currently used for purposes of review of CMSC payments to hydroelectric facilities is not an accurate estimate of the opportunity cost of their water. The MSP feels that the opportunity cost estimate for a hydroelectric facility should reflect market conditions prevailing during the period in which the facility is constrained and that the thirty day average price received by each hydroelectric facility selected in the market schedule will provide a more accurate representation of the opportunity cost for that facility than does the existing ninety day average offer price. Whatever the reference price in all cases additional information is sought or used by the IMO.

For further information please refer to MR-00195-R00.

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~~1.1.1.1~~ *historical reference price* means (i) in respect of an *investigated facility which is not a hydroelectric generation facility*, the unweighted average of the price contained in all *energy offers* or *energy bids* submitted by the *registered market participant* for that *investigated facility* and accepted by the *IMO*, as reflected in the most recent *market schedules* for that *investigated facility* for the *dispatch intervals* to which such *energy offers* or *energy bids* relate, during all relevant hours in the ninety days preceding the date for which an *investigated price* is submitted by the *registered market participant* for that *investigated facility* and (ii) in respect of an *investigated facility which is a hydroelectric generation facility*, the *average market price weighted by the market schedule quantity during all relevant intervals in the thirty days preceding the date on which an investigated price was submitted by the registered market participant for that investigated facility*;

PART 5 – IMO BOARD COMMENTS



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.: MR-00195-R02	
Subject: Congestion Management Settlement Credits	
Title: Recommendations from July 2003 Market Surveillance Panel Report - CMSC Review and Mitigation of Hydroelectric Facilities	
Nature of proposal (please indicate with X): <u> X </u> Alteration <u> </u> Deletion <u> </u> Addition	
Chapter: 7	Appendix: 7.6
Sections:	
Sub-sections proposed for amending: 1.3.3.2, 1.3.3.3	

PART 2 – PROPOSAL HISTORY – PLEASE REFER TO MR-00195-R00

Version	Reason for Issuing	Version Date
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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*.

CMSC Review and Mitigation of Hydroelectric Facilities

Consequential to the market rule amendments proposed in MR-00195-R01 it is necessary to amend section 1.3.3.3 of Appendix 7.6 to reflect the amended definition of historical reference price for hydroelectric generation facilities. Appendix 7.6 of the market rules specifies the manner in which the IMO pursues Local Market Power investigations. This market rule amendment proposes to amend the opportunity cost period for hydroelectric generation facilities from 90 days to 30 days and the historical reference price would be applied if dispatch data is not available for at least 10 of these 30 days. 10 out of 30 days is felt to provide roughly a statistically equivalent (as opposed to 15 out of 90 days) threshold for triggering the use of the historical reference price for hydroelectric generation facilities.

Also, section 1.3.3.2 has been corrected in this documentation by italicizing “market price” to reflect the fact that it is a defined term in Chapter 11. This error will be corrected in the rules as well for the next baseline of the market rules.

For further information please refer to MR-00195-R00 and MR-00195-R01.

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- 1.3.3 For the purposes of section 1.3.2, the *reference prices* shall be:
- 1.3.3.1 the *historical reference price* representing *business days* between the hours of 07:00 and 23:00 EST for the *investigated facility*; or
- 1.3.3.1A the *historical reference price* representing all time periods other than those specified in section 1.3.3.1 for the *investigated facility*,
- as the case may be depending on whether the *investigated price* was submitted for the time period indicated in section 1.3.3.1 or section 1.3.3.1A, referred to as P_h , or
- 1.3.3.1B where permitted by section 1.3.4, such alternative *reference price*, if any, as may be established by the *IMO Board* and published pursuant to section 1.3.4, referred to as P_a ; and

1.3.3.2 the *market price* for energy determined for the *dispatch interval* to which the *investigated price* relates, referred to as P_m ,

provided that,

1.3.3.3 if *dispatch data* that has been accepted by the *IMO*, as reflected in the *market schedules* for that *investigated facility*, is not available in respect of the *investigated facility* which is; i) a hydroelectric generation facility for at least ten of the thirty days; or ii) or for all other facilities at least fifteen of the ninety days, comprising the period over which the relevant *historical reference price* referred to in sections 1.3.3.1 and 1.3.3.1A is calculated, or

1.3.3.4 if the *investigated facility* is a *boundary entity* withdrawing energy from the *IMO-administered markets* at an *intertie* that has been designated by the *IMO* as an uncontested export *intertie*, being an *intertie*:

- a. where at least ninety percent of the withdrawals over that *intertie* in the ninety days prior to such designation have been accounted for by one *market participant*, or
- b. which is uncontested in accordance with criteria stipulated by the *IMO Board* (which criteria shall also specify the factors allowing revocation of the designation).

sections 1.3.3.1 and 1.3.3.1A shall not apply and only the *reference price* referred to in section 1.3.3.2 shall be used for the purposes of section 1.3.2.

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Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.: MR-00195-R03	
Subject: Congestion Management Settlement Credits	
Title: Recommendations from July 2003 Market Surveillance Panel Report – Constrained Off CMSC Payments to Imports	
Nature of proposal (please indicate with X): <u> X </u> Alteration <u> </u> Deletion <u> </u> Addition	
Chapter: 7	Appendix:
Sections: 5.2	
Sub-sections proposed for amending: 5.2.1.6	

PART 2 – PROPOSAL HISTORY – PLEASE REFER TO MR-00195-R00

Version	Reason for Issuing	Version Date
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Approved Amendment <i>Effective</i> Date:		

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

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- The reason for the proposed amendment and the impact on the *IMO-administered markets* if the amendment is not made
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- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IMO-administered markets*.

Constrained Off Imports

The Market Surveillance Panel recommended that the IMO initiate procedural changes and clarify the rules as necessary to allow it to remove import offers from the offer stack when it is known with reasonable certainty that these import transactions can not be successfully scheduled. Currently the tools employed by the IMO do not automatically remove such data and this can lead to the calculation of and application of CMSC payments to transactions, or portions thereof, which cannot actually flow in real-time. This is comparable to the IMO assuming energy could be injected into the IMO-controlled grid from a generator when it is, in effect, off-line or derated.

In an effort to reduce the impact on reliability of the failure of import transactions from New York, the IMO has adopted a scheduling process with New York by which there is a 2 hour ahead pre-dispatch check out procedure with the NYISO. Two hours ahead of real time the IMO advises New York which transactions are economic as selected by the pre-dispatch schedule and thus are likely to flow in the real-time schedule. New York removes from its scheduling processes those transactions that the IMO indicated would not flow. In setting schedules for the final pre-dispatch sequence, New York only judges those transactions the IMO has indicated would flow based upon the 2 hour ahead pre-dispatch constrained sequence. The IMO then constrains these transactions to an upper limit in the pre-dispatch schedule.

The unconstrained schedule, which sets the market clearing price (MCP), can contain unavailable offers or bids on the incorrect assumption that all transactions could actually flow between markets. A transaction in the unconstrained schedule is not limited by the upper limit of the same transaction in the constrained schedule. The schedules therefore may be widely different leading to congestion management settlement credits based on an energy quantity that has no possibility of being scheduled. This creates an inconsistency with the original intent of the CMSC payment structure in Ontario - a payment is being made for the non-delivery of energy due to actions other than the IMO dispatching facilities to lower levels than would be the case if not for congestion or other system restrictions.

MR-00195-R03 proposes to amend the market rules in section 5.2 of Chapter 7 to enable the IMO to modify interchange schedule data so both the constrained and unconstrained schedules would reflect the transaction's ability to flow. It is proposed to write these market rule amendments in a generic fashion so they could apply to the interaction between the pre-dispatch schedule and import transactions from any neighbouring control area or even changes in the New York protocol. This rule would also apply to exports as well as imports.

For further information please refer to MR-00195-R00.

PART 4 – PROPOSED AMENDMENT

5.2 Information Used to Determine Pre-dispatch Schedules

5.2.1 The *IMO* shall use the following information for determining and updating the *pre-dispatch schedule* in accordance with section 5.3, using in each case the most current valid information:

- 5.2.1.1 dispatch data submitted by registered market participants;
- 5.2.1.2 the *IMO*'s own forecasts of *non-dispatchable load*, adjusted using applicable amounts determined pursuant to section 5.6.1, and of generation by *intermittent generators*, *transitional scheduling generators* and *self-scheduling generation facilities* with name-plate ratings of less than 10 MW;
- 5.2.1.3 the *transmission system* information provided by each *transmitter* pursuant to section 3.9;
- 5.2.1.4 the amount and location of *contracted ancillary services* under contract to the *IMO*;
- 5.2.1.5 the expected initial loading of each generator and *dispatchable load*, as determined based on the most current *pre-dispatch schedule* or, if applicable, *real-time schedule*; and

such other available information as the *IMO* determines appropriate including the interchange schedule data which are a result of the applicable interchange schedule protocol as defined in the applicable market manual and which may result in setting an upper limit for energy quantities scheduled in subsequent pre-dispatch schedules.

PART 5 – IMO BOARD COMMENTS



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.: MR-00195-R04	
Subject: Congestion Management Settlement Credits	
Title: Recommendations from July 2003 Market Surveillance Panel Report - Constrained Off CMSC Payments to Imports	
Nature of proposal (please indicate with X): <u> X </u> Alteration <u> </u> Deletion <u> </u> Addition	
Chapter: 7	Appendix:
Sections: 5.4	
Sub-sections proposed for amending: 5.4.3 (new)	

PART 2 – PROPOSAL HISTORY – PLEASE REFER TO MR-00195-R00

Version	Reason for Issuing	Version Date
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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*.

Constrained Off Imports

The Market Surveillance Panel recommended that the IMO initiate procedural changes and clarify the rules as necessary to allow it to remove from the offer stack import offers when it is known with reasonable certainty that these import transactions can not be successfully scheduled. Consequential to the market rule amendments proposed in MR-00195-R03 it is necessary to amend the market rules in section 5.4 of Chapter 7. This section of the market rules deals with the determination of projected market schedules and projected market prices for each of the dispatch schedules.

For further information please refer to MR-00195-R00 and MR-00195-R03.

PART 4 – PROPOSED AMENDMENT

5.4 Projected Market Schedules and Market Prices

- 5.4.1 Subject to section 5.4.2, the *IMO* shall, immediately after determining any *pre-dispatch schedule*, determine projected *market schedules* and projected *market prices* for each of the *dispatch hours* in that *pre-dispatch schedule*. For this purpose, the *IMO* shall use the same information and data used for determining the *pre-dispatch schedule* for those *dispatch hours*, except that:
- 5.4.1.1 the unconstrained IMO-controlled grid model shall be used;
 - 5.4.1.2 the initial conditions to be used for any *dispatch hour* in the *market schedule* shall be the final conditions of the *market schedule* for the preceding *dispatch hour*;
 - 5.4.1.3 the total demand (including losses) to be satisfied within a *dispatch hour* in the *market schedule* shall be the same as the total demand identified in the *pre-dispatch schedule* for that *dispatch hour*; and
 - 5.4.1.4 total system *energy losses* determined in the *pre-dispatch schedule* shall be represented as an increase in *non-dispatchable load* within the *IMO control area*.

5.4.2 Where the *transmission transfer capability* of an *interconnection* is zero for a given *dispatch hour* by reason of the *outage* of that *interconnection*, the projected *market prices* for *energy* and *operating reserve* for the *intertie zone* associated with such *interconnection* shall be equal to the projected uniform *market prices* for *energy* and *operating reserve* for the *IMO control area* for that *dispatch hour*.

5.4.3 The *IMO* may use other available information for the purposes of determining *market schedules* including *interchange schedule data* which is the outcome of those protocols identified in section 5.2.1.6 which may result in the setting of an upper limit for *energy* quantities scheduled in subsequent *market schedules*.



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.: MR-00195-R05	
Subject: Congestion Management Settlement Credits	
Title: Recommendations from July 2003 Market Surveillance Panel Report – Constrained Off CMSC Payments to Imports	
Nature of proposal (please indicate with X): <input checked="" type="checkbox"/> Alteration <input type="checkbox"/> Deletion <input type="checkbox"/> Addition	
Chapter: 7	Appendix:
Sections: 6.4	
Sub-sections proposed for amending: 6.4.3 (new)	

PART 2 – PROPOSAL HISTORY –PLEASE REFER TO MR-00195-R00

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PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

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- Alternative solutions considered
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IMO-administered markets*.

Constrained Off Imports

The Market Surveillance Panel recommended that the IMO initiate procedural changes and clarify the rules as necessary to allow it to remove from the offer stack import offers when it is known with reasonable certainty that these import transactions can not be successfully scheduled. Consequential to the market rule amendments proposed in MR-00195-R03 it is necessary to amend the market rules in section 6.4 of Chapter 7. This sub-section of the market rules deals with the determination of market schedules and market prices for the real-time schedule. The proposed rule 6.4.3 similar to section 6.1.3 of Chapter 7 gives the IMO the authority to modify market schedules following the pre-dispatch schedule run as may be necessary in response to failure of the schedule during checkout or as the result of a declaration of the transmission loading relief (TLR) protocols initiated by an external entity. For further information please refer to MR-00195-R00 and MR-00195-R03.

PART 4 – PROPOSED AMENDMENT**6.4 Market Schedules and Market Prices**

6.4.3 The IMO shall determine for registered facilities that are boundary entities a market schedule for each dispatch hour using the outcome of the projected market schedule determined as at the preceding dispatch hour and modified as required by the IMO.

PART 5 – IMO BOARD COMMENTS



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.: MR-00195-R06	
Subject: Congestion Management Settlement Credits	
Title: Recommendations from July 2003 Market Surveillance Panel Report – Redistribution of Adjusted and Recovered CMSC Payments	
Nature of proposal (please indicate with X): <u> X </u> Alteration <u> </u> Deletion <u> </u> Addition	
Chapter: 9	Appendix:
Sections: 4.8	
Sub-sections proposed for amending: 4.8.2.5 (new), 4.8.2.6 (new)	

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
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PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

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Consequential to the market rule amendments proposed in MR-00195-R00, there is a need to specify in section 4.8.2 of chapter 9, Additional Non-Hourly Settlements, how any adjustments made in sections 3.5.1A and 3.5.7 are to be redistributed to market participants. MR-00195-R06 proposes that any payments recovered by the IMO as the result of section 3.5.1A and any adjustments received by the IMO as a result of section 3.5.7 be distributed to market participants on a pro-rata basis based on AQEW during the energy market billing period in which the payments are recovered.

PART 4 – PROPOSED AMENDMENT

- 4.8.2 The *IMO* shall, at the end of each *energy market billing period*, distribute to *market participants*, on a pro-rata basis across all allocated quantities of *energy* withdrawn at all *RWMs* and *intertie metering points* during all *metering intervals* and *settlement hours* within that *energy market billing period*, the following amounts:
- 4.8.2.1 any compensation received by the *IMO* for the provision of *emergency energy* pursuant to section 4.4A.1 of Chapter 5;
- 4.8.2.2 any compensation received by the *IMO* as a result of a local market power investigation as set out in sections 1.7.1 and 1.7.2 of Appendix 7.6;
- 4.8.2.3 any adjustments to *intertie offer guarantee settlement* credits for wheeling through transactions, in accordance with section 3.5.8.1 of Chapter 7, calculated pursuant to section 3.8A.3; ~~and~~
- 4.8.2.4 any adjustment to *hour-ahead dispatchable load offer guarantee* payments calculated pursuant to section 6.2.7.7 of chapter 3-;
- 4.8.2.5 any payments recovered by the *IMO* in accordance with section 3.5.1A of chapter 9; and

4.8.2.6 any adjustments made by the IMO in accordance with section 3.5.7 of Chapter 9.

PART 5 – IMO BOARD COMMENTS