



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Subject: IMO Administration		
Title : Local Market Power Rule Amendments – Pre-Inquiry Adjustments to CMSC Re-calculation		
Nature of proposal (please indicate with X on the right): Alteration – X Deletion Addition		
Chapter: 7	Appendix: 7.6	
Sections : 1.4		
Sub-sections proposed for amending: 1.4.3.2		

PART 2 – PROPOSAL HISTORY

Issue	Reason for Issue	Issue Date
	Amendment submission reviewed by Technical Panel (TP-108)	
	Amendment submission reconsidered by Technical Panel (TP-110)	September 4, 2002
1.0	Technical Panel Consultation and Vote (IMOTP 110-5b)	September 4, 2002
2.0	Approved by Technical Panel (TP-110)	September 10, 2002

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 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*.

It is proposed to add a new provision in the local market power rules to allow market participants, as part of their representations, to request that alternate price limits be applied for the purpose of the IMO's re-calculation of congestion management settlement credits (CMSC).

These alternate price limits shall only be applied to the re-calculation of CMSC where the IMO and the market participant agree on these values within a reasonable time period. Effectively, this new provision would allow the investigated price to be assessed against the agreed to alternative price limits and the CMSC adjustments calculated accordingly prior to any local market power inquiry being launched.

Presently, the IMO may conclude that a CMSC re-calculation (see section 1.5) is justified. However, the price limits that section 1.3.8 currently requires to be used in the re-calculation of the CMSC may not always represent fair values. Therefore, the proposed rule amendments allow market participants to request, and the IMO to agree upon, alternate price limits be applied to the re-calculation of the CMSC. Where such alternate price limits are used in the re-calculation of CMSC, the IMO will apply this adjustment to the market participant's settlement statement and no inquiry is required.

The proposed rule amendments give the IMO some practical discretion to consider and agree to more appropriate price limits earlier in the process. Consequentially, the proposed amendments should also streamline the local market power process by avoiding the need for inquiries where the outcome would be the same.

Here is an example of how an inquiry might be avoided.

As the market rules presently stand, it is possible for the IMO to conduct an inquiry into costs with respect to the investigated price (see section 1.6.). Assume that an inquiry has been launched where an applicable situation has been previously investigated under a past inquiry for the same market participant. The market participant would not be able to request that similar cost information, used in the previous inquiry, be used as information to derive alternate price limits for purposes of the re-calculation of the CMSC in the latest inquiry. If the market participant were afforded such a provision, the IMO may agree to apply alternate price limits, hence not needing to launch an inquiry.

Therefore, it would be more efficient for the IMO and market participants if the IMO were allowed to consider and agree to alternative price limits earlier on in the process without having to launch a inquiry formal under section 1.6.

PART 4 – PROPOSED AMENDMENT

1.4 Additional Considerations

1.4.3 Where, on the basis of the analysis conducted pursuant to section 1.4.1, the *IMO* determines that:

1.4.3.1 the *investigated price* does not justify the re-calculation of the *settlement* credit referred to in section 1.1.3, the *IMO* shall, subject to section 1.8, cease investigation of the *investigated price*; or

1.4.3.2 the *investigated price* represents a possible abuse of local market power and justifies the re-calculation of the *settlement* credit referred to in section 1.1.3, the *IMO* shall provide the *registered market participant* for the *investigated facility* with a reasonable opportunity to make representations as to why the *investigated price* does not represent an abuse of local market power and does not justify the re-calculation of the *settlement* credit referred to in section 1.1.3. As part of its representations, the *registered market participant* may request that the *IMO* apply alternate high end or low end values in place of those prescribed by section 1.3.8 for the purpose of replacing the *investigated price* pursuant to section 1.5.

PART 5 – IMO BOARD COMMENTS



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Title : Local Market Power Rule Amendments – Pre-Inquiry Adjustments to CMSC Re-calculation		
Nature of proposal (please indicate with X on the right): Alteration – X Deletion Addition		
Chapter: 7	Appendix: 7.6	
Sections : 1.5		
Sub-sections proposed for amending: 1.5.1.1 and 1.5.1.2		

PART 2 – PROPOSAL HISTORY – REFER TO MR-00207-R00

Issue	Reason for Issue	Issue 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 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*.

The following proposed rule amendments are consequential to those discussed in MR-00207-R00.

PART 4 – PROPOSED AMENDMENT**1.5 Replacement Price and Penalty**

1.5.1 The price at which the *IMO* shall, pursuant to section 1.4.5.1(a), replace the *investigated price* shall be determined as follows:

1.5.1.1 in the case of a *constrained on generation unit* or a *constrained off dispatchable load*, the high end of the range determined in accordance with section 1.3.8.1 or such other value as may be agreed to by the *IMO* and the market participant; and

1.5.1.2 in the case of a *constrained off generation unit* or a *constrained on dispatchable load*, the low end of the range determined in accordance with section 1.3.8.2 or such other value as may be agreed to by the *IMO* and the market participant.

PART 5 – IMO BOARD COMMENTS