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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

<b>Identification No.: MR-00219-R00</b>	
<b>Subject: Outage Coordination</b>	
<b>Title: Arranging Replacement Energy to Support Planned Outages</b>	
<b>Nature of proposal (please indicate with X):</b> ___Alteration___ Deletion ___X___ Addition	
<b>Chapter: 5</b>	<b>Appendix:</b>
<b>Sections: 6.3</b>	
<b>Sub-sections proposed for amending: 6.3.6 – 6.3.10 (new)</b>	

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Submitted to Technical Panel for Review	February 21, 2003
2.0	Submitted for Technical Panel Vote	March 10, 2003
3.0	Submitted for Technical Panel Review	March 28, 2003
4.0	Submitted for Technical Panel Vote	April 17, 2003
5.0	Recommended by Technical Panel (TP 124) and Submitted for Board Approval	April 22, 2003

**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 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*

Planned outages of facilities and equipment are needed to perform necessary, and in some cases, regulatory maintenance and to maintain the reliability of the facilities in question. Since market start the IMO has rejected some outage requests for overall adequacy reasons in accordance with the Market Rules.

The denial of certain planned outages can subsequently result in the forced outages of some of these facilities. Forced outages have a negative impact on the reliability of the IMO-Controlled Grid (sudden loss of generation or transmission facilities or equipment), operation of the IMO-administered markets (price volatility), as well as result in higher costs to participants in having to do maintenance on an unplanned basis. Due to the forecast tight supply situation in Ontario, as indicated in the current IMO quarterly 18-month outlook, rejection of outages at certain times for adequacy reasons is expected to continue. The negative impacts on reliability and the markets noted above would, as a result, continue and potentially grow worse.

The market rules should authorize and enable the ability for generator market participants to arrange imports as replacement capacity or energy to support generator facility outages, with sufficient safeguards to minimize potential adverse impacts on reliability and the market. Supporting outages through provision of replacement capacity or energy benefits market participants. This mechanism will provide an opportunity for a market participant to gain approval of a planned outage that would otherwise be rejected. This mechanism is not intended to disadvantage the planned outage requests made by generators that have no replacement energy associated with them. In turn, this can provide benefits to other market participants by enhancing overall IMO-controlled grid reliability. With this mechanism available, it is less likely that generation units will have outages rejected, revoked or recalled and then be forced out of service. A reduction in the instances of forced outages and the resulting reliability impacts would also assist the IMO in meeting its obligations to maintain reliable operation of the IMO-controlled grid.

A summary of the key elements of the proposed market rule amendments contained within Part 4 of this document are as follows:

- Section 6.3.6 – articulates the voluntary nature of the replacement energy to support planned outages program, identifies the replacement energy as an import and establishes the deadlines for the market participant to notify the IMO of the generator’s intention. These timelines are necessary in order to allow the IMO sufficient time to evaluate the outage request and the replacement energy mechanism;
- Section 6.3.7 – establishes the generator’s obligation to provide specific information when the planned outage request is made;
- Section 6.3.7.1 – introduces the generator’s identification of the inertia zone or zones through which the replacement energy would be scheduled;
- Section 6.3.7.2 – requires the generator to identify to the IMO who shall be scheduling the

**PART 3 – EXPLANATION FOR PROPOSED AMENDMENT**

replacement energy at the interties on their behalf and articulates that this party shall be subject to the intertie transaction compliance rules. The IMO shall not take action where failures occur beyond the control of the market participant, however, exemptions from enforcement specified in the guidelines on Intertie Transactions on ‘economic grounds’ will not be applied to the replacement energy program.

- Section 6.3.8 – IMO retains the right to limit this program, as is deemed necessary to maintain the reliable operation of the IMO-controlled grid and articulates the existing time stamp precedence is used to determine the precedence of outages;
- Section 6.3.9 – clarifies the IMO may define what amount of replacement energy is necessary for the approval of the planned outage request and the duration of the replacement energy offers;
- Section 6.3.10 – failure by the boundary entity to submit offers shall, if the failure is determined to be an event of non-compliance, the generator shall be subject to the formula based penalties under the provisions of section 6.6.8 of Chapter 3.

**PART 4 – PROPOSED AMENDMENT****Replacement Energy to Support Planned Outages**

6.3.6 *A generator may, no later than the time specified in section 6.4.1, in requesting a planned outage in accordance with section 6.3.1, notify the IMO that the generator shall arrange replacement energy offers in the form of an import to support the outage request. A generator may, when requesting an extension to an outage under section 6.4.7 or rescheduling an outage under section 6.4.10, notify the IMO that the generator shall arrange replacement energy offers in the form of an import to support the outage extension or re-scheduling request. For certainty, this section shall not under any circumstances impose any explicit or implicit obligation on either a generator to so notify the IMO, or if so notified, the IMO to approve or accept any such arrangement. Upon notice to the IMO, a generator may withdraw the arrangement for replacement energy offers at any time up to final approval of the outage or up to the final approval of the extension to or rescheduling of the outage.*

6.3.7 *The generator shall provide the following information to the IMO when in accordance with section 6.3.6 it either submits a planned outage request or requests the extension to or rescheduling of an outage:*

6.3.7.1 *Subject to the approval of the IMO, the intertie zone or zones through which the replacement energy is intended to be scheduled; and,*

- 6.3.7.2    The registered market participant associated with a registered facility that is a boundary entity that shall submit the offers and, pursuant to section 7.5.8A of Chapter 7, schedule the replacement energy if dispatched by the IMO.
- 6.3.8        The IMO may limit the number and aggregate size of outages supported by replacement energy and, where the number and aggregate size of outages is limited the IMO shall determine the precedence of the outages, in accordance with sections 6.4.13 through 6.4.18.
- 6.3.9        The IMO may specify and inform the generator of the minimum amount of replacement energy in megawatts and the duration of offers necessary to support the planned outage request or the request for the extension to or rescheduling of the outage.
- 6.3.10      If the registered market participant associated with a registered facility that is a boundary entity referred to in section 6.3.7.2 fails to submit offers for the replacement energy, that have been arranged by the generator, the generator shall be subject to the financial penalties calculated in accordance with the provisions of section 6.6.8 of Chapter 3.

**PART 5 – IMO BOARD COMMENTS**




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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

<b>Identification No.: MR-00219-R01</b>	
<b>Subject: Outage Coordination</b>	
<b>Title: Arranging Replacement Energy to Support Planned Outages - Compliance</b>	
<b>Nature of proposal (please indicate with X): Alteration ___ Deletion ___ <u>X</u> Addition</b>	
<b>Chapter:3</b>	<b>Appendix:3.1</b>
<b>Sections:</b>	
<b>Sub-sections proposed for amending:</b>	

### PART 2 – PROPOSAL HISTORY – PLEASE REFER TO MR-00219-R00

Version	Reason for Issuing	Version 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 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*.

Consequential to the proposed market rule amendments in MR-00219-R00 there is a need to articulate, in Appendix 3.1 of the market rules, how the formula based penalty in Chapter 3 section 6.6.8 would be applied to an event of non-compliance pursuant to Chapter 5 section 6.3.10.

The formula is  $P = D \times T \times C$ . P is the amount of the financial penalty in dollars. D would be the deviation, including not making the offer at all, from the replacement energy offer expressed in MW only if the deviation is negative relative to the amount which the generator had agreed to offer in support of the planned outage. T represents the duration of the breach, expressed in hours or fraction of hours. C would be equal to the market clearing price (MCP) multiplied by an amount to be determined by the IMO in accordance with section 6.6.9 of Chapter 3.

**PART 4 – PROPOSED AMENDMENT**

<p><a href="#">Chapter 5, section 6.3.10</a></p>	<p><a href="#">Formula based penalty as per section 6.6.8 where:</a></p> <p><a href="#">D = the amount by which the offer made is less than the MW which the generator had agreed would be offered in support of the planned outage or the extension to or rescheduling of an outage.</a></p> <p><a href="#">C = market price x amount to be determined by the IMO under section 6.6.9</a></p>
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**PART 5 – IMO BOARD COMMENTS**