



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@theIMO.com

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 *IMO* 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 *IMO* 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: IMO Staff	
(if applicable) <i>Market Participant / Metering Service Provider No.</i> ¹ :	<i>Market Participant Class:</i>
Telephone: (416) 506-2801	Fax: (416) 506-2847
Email Address: rule.amendments@theimo.com	

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: Physical Markets		
Title: Hour-Ahead Dispatchable Loads		
Nature of request (please indicate with X): ___Alteration___ Deletion ___X___ Addition ___Clarification		
Chapter: 7 & 9	Appendix:	Sections:
Sub-sections proposed for amending/clarifying :		

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 *IMO-administered markets*. Include the Chapter and Section number of the relevant market rules.

Since market commencement, a number of issues have been identified regarding the IMO-administered markets, including:

- The obligations imposed on, and provisions for, dispatchable loads are not compatible with the operational characteristics of the majority of loads in the IMO-administered markets that might otherwise be willing to have their operations respond to (near) real-time market price for electricity. For example, most loads cannot respond to 5-minute dispatch instructions due to physical process requirements and limitations. In addition, loads can generally better predict how much they can reduce their consumption if they shut down part of their process rather than predict how much the rest of their facility will consume.
- There are times when pre-dispatch prices do not provide a reasonable indication of real-time prices. Ontario loads are therefore not able to rely on pre-dispatch price signals in order to make necessary business decisions whether or not to change consumption in response to price. This currently results in a reduction in overall price responsiveness within the IMO-administered market.
- In tight supply-demand situations, Ontario is heavily reliant on imports of energy to meet domestic demands. The level of imports has reached as high as 4000 MW. Although competition does exist in the import market, more domestic competition against imports is judged to be of benefit to the market, especially in times of either tight supply-demand or high market prices.

Ontario load customers have advised the IMO that the introduction of an Hour-Ahead Dispatchable Load mechanism, as describe below in Part 4, within the IMO-administered markets would help address the above three issues.

PART 4 – PROPOSAL (BY SUBMITTER)

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

The Hour-Ahead Dispatchable Load mechanism would have the following main features:

- Market participants would register their applicable facility as an hour-ahead dispatchable load facility. The technical and metering requirements for a registered hour-ahead dispatchable load facility would be the same as for a registered non-dispatchable load facility.
- Participants would be able to submit offers to reduce consumption for the registered hour-ahead dispatchable load facility. These offers would be comprised of price-quantity pairs. Each price-quantity pair would indicate the consumption reduction that would be effected at the specified price if dispatched.
- Participants would be obligated to keep their offers up to date and in keeping with the capability of their facility, in accordance with the existing applicable market rules.
- Hour-Ahead Dispatchable Loads would be eligible to submit offers into the energy market. They would not be eligible to make offers into the operating reserve market. Provision of operating reserve requires real-time dispatch capability and hour-ahead dispatchable loads are not dispatchable in real-time. For the same reason, an hour-ahead dispatchable load facility cannot also be a 5-minute dispatchable load facility.
- Valid offers from hour-ahead dispatchable loads will be evaluated in the pre-dispatch timeframe only.
- If an hour-ahead dispatchable load facility is selected in pre-dispatch to reduce consumption for the dispatch hour, the IMO will send that schedule to the affected market participant. This schedule shall be a dispatch instruction.
- The hour-ahead pre-dispatch schedule and price shall incorporate the scheduled reduction in consumption of hour-ahead dispatchable loads whose offers have been accepted.
- Upon receipt of a dispatch instruction, the market participant shall be obligated to reduce its consumption at the facility by the amount and for the hour specified in the dispatch instruction. Failure to do so would be a breach of the market rules. The participant would be obligated to “ramp-in” its reduction during the last dispatch interval before the dispatch hour and the first dispatch interval of the dispatch hour i.e. the participant has 10 minutes to reduce its consumption in accordance with its dispatch instruction, similar to ramping-in of intertie transactions.
- Compliance with dispatch instructions will be assessed after the fact, through the use of load profiling and trending, using RWM data, to determine if the market participant reduced their consumption as scheduled.
- If the real-time HOEP in the dispatch hour turns out to be less than the offer price of a scheduled hour-ahead dispatchable load facility, the IMO shall make an hourly settlement amount payment to the applicable market participant for the difference between the accepted offer price and HOEP. This is similar to the Intertie Offer Guarantee for imports.
- The loads will also be settled for their actual consumption at HOEP.

PART 5 – FOR *IMO* USE ONLY

<i>Technical Panel Decision on Rule Amendment Submission</i>	
MR number: MR-00220	
Date submitted to <i>Technical Panel</i>: 20 Feb 2003	
Accepted by <i>Technical Panel</i> as: <u> X </u> General <u> </u> Urgent <u> </u> Minor (please indicate with X)	Date: 25 Feb 2003
Criteria for acceptance: I	
<ul style="list-style-type: none"> • Identifies an IMO-controlled grid reliability concern in that HADL would increase price-responsive loads within the market; • Identifies means to better enable the market to satisfy market design principle of efficiency by enhancing market participant choices in conducting commercial transactions in the market. 	
Priority: High	
Criteria for assigning priority: Implementation desired for summer of 2003	
Not accepted (please indicate with X):	
Clarification/interpretation required (please indicate with X):	
<i>Technical Panel</i> minutes reference: IMOTP 122-1	
<i>Technical Panel</i> Comments:	
<p>The Technical Panel identified the need for meaningful load profile baselines for compliance monitoring and comparison purposes. The Technical Panel also identified the need for ensuring that hour-ahead dispatchable load market participants understand the necessary obligations and the processes/procedures.</p> <p>The Technical Panel is not requesting stakeholder comment on this amendment submission or the hour-ahead dispatchable load initiative at this time because of the stakeholdering effort already underway on this initiative through the Market Evolution Program. Stakeholders wishing to provide comments on the hour-ahead dispatchable load initiative are requested to provide their comments through the Market Evolution Program forum, details of which can be found at www.theimo.com/imoweb/consult/marketDev.asp</p>	