



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: System Reliability - Ancillary Services		
Title: Extension of Emergency Demand Response Program		
Nature of request (please indicate with X): <input checked="" type="checkbox"/> Alteration <input type="checkbox"/> Deletion <input type="checkbox"/> Addition <input type="checkbox"/> Clarification		
Chapter: 5	Appendix:	Sections: 4.8A
Sub-sections proposed for amending/clarifying : 4.8A.1		

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.

The current market rules for the Emergency Demand Response Program (EDRP) approved by the IMO-Board shortly after market commencement have a sunset provision which will end the program if the market rules are not amended or renewed within 12 months of the market commencement date. That is, the program will otherwise end on April 30, 2003.

The establishment of the EDRP arose out of resource adequacy concerns. At the time that the program was established, the extent to which loads would respond to high market prices during periods of tight supply was uncertain. The EDRP was established as an emergency control action. It can only be initiated during periods of emergency, after the market has exhausted all sources of energy supply, to avoid the involuntary curtailment of non-dispatchable load. The reduction in load by the market participants under the program is voluntary and upon activation by the IMO, they will indicate the amount of load reduction, if any, they will be undertaking.

The summer of 2002 was unusually hot and humid. The weather, and consumers' reaction to it, sent electricity demands in the province to record levels. While there was evidence of some price responsive actions by consumers, it was insufficient to avoid heavy reliance on interconnections and very high market prices. As a consequence, consumers became much more aware of the level of market prices during the summer heat waves, and its impact on their electricity bills. One could expect that, all-else being equal, the consumer responsiveness to price this past summer may continue and actually increase, in future times of high prices.

The recent government initiative to fix energy prices is expected to have a dampening effect on any such customer reaction to market prices and there is now a concern that consumers will not respond to high prices and cut back on usage during periods of tight supply.

Although additional supply capacity may become available over the next few months, and the IMO is looking at a program for hour-ahead dispatchable load, which may improve price responsiveness among the larger market participants, the IMO believes that there is significant uncertainty regarding both the supply situation and customer price-responsiveness. Given these uncertainties, it is prudent to continue with the EDRP and extend it for an additional year. At its meeting in February 2003, the IMO Board concurred with this assessment and directed that the market rules be amended accordingly.

PART 4 – PROPOSAL (BY SUBMITTER)

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

4.8A Emergency Demand Response Load

4.8A.1 Emergency demand response load is load that, subject to section 4.8A.2, can be called upon by the *IMO* to be interrupted on short notice in order to maintain the

reliability of the *IMO-controlled grid*. The *IMO* may request these loads to reduce consumption prior to or during an *emergency operating state*.

- 4.8A.2 Section 4.8A.1 and related sections 9.2.2.4 of chapter 7 and 4.2.3A of chapter 9 shall, subject to further amendment or renewal, cease to have effect ~~12~~24 months after the date on which section 26.(1) of the Electricity Act, 1998 comes into force.

PART 5 – FOR *IMO* USE ONLY

Technical Panel Decision on Rule Amendment Submission	
MR number: MR-00221	
Date submitted to <i>Technical Panel</i>: 21 Feb 2003	
Accepted by <i>Technical Panel</i> as: <u>X</u> General __Urgent __Minor (please indicate with X)	Date: 25 Feb 2003
Criteria for acceptance:	
<ul style="list-style-type: none"> Addresses an identified an IMO-controlled grid operating concern; 	
Priority: High	
Criteria for assigning priority:	
<ul style="list-style-type: none"> the extension needs to be implemented before the existing program expires at the end of April 2003 	
Not accepted (please indicate with X):	
Clarification/interpretation required (please indicate with X):	
Technical Panel minutes reference: IMOTP 122-1	
Technical Panel Comments:	
An extension to the Emergency Demand Response Program should not be viewed as move to permanence.	