



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.: MR-00222-R00	
Subject: Functional Deferral of Capacity Reserve Market	
Title: Extending Deferral of Capacity Reserve Market	
Nature of proposal (please indicate with X): <input checked="" type="checkbox"/> Alteration <input type="checkbox"/> Deletion <input type="checkbox"/> Addition	
Chapter: 1	Appendix:
Sections: 4.4A	
Sub-sections proposed for amending:	

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Submitted to TP for Review and Vote	Feb. 21, 2003
2.0	Recommended by TP (TP 121) and Submitted for IMO Board Approval	Feb. 25, 2003
3.0	IMO-Board Approved	March 28, 2003

Approved Amendment *Publication Date:* April 3, 2003

Approved Amendment *Effective Date:* June 4, 2003

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*.

It is proposed to extend the deferral of the coming into force of the market rules for the capacity reserve market from the current 12-month deferral to a date to be determined by the IMO Board.

The current market rules in section 4.4A of Chapter 1 prescribes the deferral of the capacity reserve market and provides the date upon which the market rules regarding the capacity reserve market would come into force. That date is June 1, 2003. It should be noted that the IMO Board has the sole discretion to activate the capacity reserve market, as prescribed in section 10.1.3 of Chapter 7 of the market rules.

The IMO has initiated a Market Evolution Program to evolve and improve the Ontario electricity market . This program is, among other things, assessing resource adequacy initiatives for the Ontario market. These resource adequacy initiatives include the capacity reserve market as currently defined in the market rules (section 10 of chapter 7). The IMO Board will be making decisions within the Market Evolution Program context on which resource adequacy initiatives will be implemented including whether or not to implement the capacity reserve market.

Due to competing priorities, the IMO would not be able to develop and have in place the capacity reserve market as currently defined, by June 2003 to meet an IMO Board direction to activate that market. In light of the Market Evolution Program and any decisions regarding the fate of the capacity reserve market, it is not appropriate for the IMO to develop and have the capacity reserve market ready for activation.

Therefore, in order to provide clarity regarding the status of the capacity reserve market, it is proposed to amend section 4.4A of chapter 1 of the market rules to defer the coming into force of the market rules for the capacity reserve market until such time as may be determined by the IMO Board. Leaving the market rules as they are may lead to misinterpretation that the IMO would be able to activate a capacity reserve market as of June 2003.

PART 4 – PROPOSED AMENDMENT

4.4A Deferral of Capacity Reserve Market and Energy Forward Market and Consequential Interpretation Provisions

- 4.4A.1 Implementation of the *capacity reserve market* shall be deferred beyond the date referred to in section 4.4.1 and, accordingly, section 10 of Chapter 7 shall not come into force until such date as may be determined by the IMO Board~~until the date that is the first day of the 12th-calendar month following the market commencement date, calculated from the first day of the calendar month immediately following the month in which the market commencement date occurs.~~

PART 5 – IMO BOARD COMMENTS