



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: Settlements and Billing
Title: Replace Requirement for Settlement Reserve Account
Nature of request (please indicate with X): <u>X</u> Alteration __ Deletion __ Addition Clarification
Chapter: 2, 9, 11 Appendix: Sections:
Sub-sections proposed for amending/clarifying : 8.7.1.2 (ch.2), 6.11.5, 6.14.4.2, 6.14.6, 6.14.7, 6.15.7, 6.18.5, 6.18.5.1 (ch.9)

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.

Section 6.18.5 of Chapter 9 of the Market Rules obligates the IMO to open and maintain an IMO settlement reserve account. At the time when this market rule was written it was thought that the settlement reserve account would be a “line of credit” for use by the IMO to pay market suppliers on time when a buying market participant is in default of paying or late in paying their invoice.

Subsequently, it was determined by the IMO that the line of credit option was not a cost effective institutional borrowing facility and that a different facility would avoid unnecessary costs for the market. Thus, the default credit facility was created whereby the IMO initiates borrowing with the bank rather than leave the settlement clearing account in a debit position and allowing the “line of credit” to cover the short position in that account. In practice, the IMO has used the settlement clearing account along with default credit facility on a regular basis for the purposes of settling the IMO-administered markets and thus there is no need for the settlement reserve account.

The benefit to the market of using a default credit facility versus a standard line of credit is that the former provides an option for the IMO to borrow, on average, at a lower cost under certain conditions for the purposes of settling the market in comparison to that which the IMO could obtain by using the latter. Furthermore, the default credit facility requires a more formal “borrowing” procedure such that each time the IMO uses this facility there is a discreet and transparent audit trail created for tracking the borrowing, the use of the funds and the associated costs.

PART 4 – PROPOSAL (BY SUBMITTER)

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

It is proposed to remove the references to settlement reserve account from Chapter 2 and Chapter 9 of the market rules and to revise those sections by including the appropriate references to the use of the default credit facility by which the IMO settles the IMO-administered markets. Also, it is proposed to remove the definition of IMO settlement reserve account from Chapter 11 of the market rules.

PART 5 – FOR *IMO* USE ONLY

<i>Technical Panel Decision on Rule Amendment Submission</i>	
MR number: MR-00224-Q00	
Date submitted to <i>Technical Panel</i>: September 9, 2003	
Accepted by <i>Technical Panel</i> as: <input checked="" type="checkbox"/> General <input type="checkbox"/> Urgent Minor (please indicate with X)	Date:
Criteria for acceptance: h) It identifies ways to simplify the market and/or reduce participant or IMO costs by allowing the IMO to continue using more appropriately designed mechanisms to settle the IMO-administered markets instead of being obligated to use a mechanism which would represent greater costs for market participants.	
Priority: Medium	
Criteria for assigning priority: b) Alternative solutions. There are alternatives to the IMO's settlement reserve account that can be implemented to improve the operation of the IMO-administered markets.	
Not accepted (please indicate with X):	
Clarification/interpretation required (please indicate with X):	
<i>Technical Panel</i> minutes reference: 130-1	
<i>Technical Panel</i> Comments:	