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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

<b>Identification No.: MR-00240-R00</b>	
<b>Subject:</b> Radial Intertie Transactions	
<b>Title:</b> Segregated Mode of Operation – Dispatch Data and Request Timing	
<b>Nature of proposal</b> (please indicate with X): <input checked="" type="checkbox"/> <b>Alteration</b> <input type="checkbox"/> <b>Deletion</b> <input type="checkbox"/> <b>Addition</b>	
<b>Chapter:</b>	<b>Appendix:7.7</b>
<b>Sections:</b> 1.2 and 1.3	
<b>Sub-sections proposed for amending:</b> 1.2.1, 1.3.1, 1.3.2, 1.3.3 and 1.3.4	

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Submitted for Technical Panel Review	February 3, 2004
2.0	Publication and request of stakeholder comment	February 4, 2004
<b>Approved Amendment <i>Publication</i> Date:</b>		
<b>Approved Amendment <i>Effective</i> Date:</b>		

### 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*.

#### Summary

Two changes to the market rules regarding segregated mode of operations are proposed.

1. Require market participants to submit an outage slip and also maintain dispatch data for a facility for the period the facility is in segregated mode of operation. This change is proposed to address a reliability concern associated with the current requirement for the market participant to withdraw dispatch data for its facility when the facility is in segregated mode of operation.
2. Allow market participants to make a request for segregated mode of operation up to 2 hours ahead of the dispatch hour, rather than the current 4-hour request time limit. This change, which is consistent with the time lines for submission and revision of dispatch data, will also provide market participants with more flexibility and allow them to more efficiently respond to market price signals.

#### Background and Discussion

Two issues have been identified by the IMO and market participants with respect to segregated mode of operation.

The first issue is with respect to withdrawal of dispatch data. The current market rules (Appendix 7.7 section 1.2) require a market participant to withdraw its dispatch data for a generation facility for the period when that facility is in segregated mode of operation. The intent of that provision was to prevent the facility from being scheduled to provide physical services to the IMO-administered markets during the period the facility is in a segregated mode of operation. When a registered facility is in segregated mode of operation, it is radially connected to the neighbouring control area and thus cannot provide physical services to the IMO-administered markets.

IMO-controlled grid reliability difficulties have been experienced as a result of this current market rule. These problems have arisen at times immediately before the segregated mode of operation has started or after the segregated mode of operation has ended. Depending on circumstances such as:

- the timing of the switching to achieve the segregated mode of operation or
- an unforeseen and urgent cessation of the segregated mode of operation (e.g. reliability concern of the neighbouring control area or in Ontario);

the facility could be connected to the IMO-controlled grid while there is no dispatch data for the facility. The dispatch scheduling algorithm then “sees” an injection with no dispatch data and dispatches other Ontario resources in response, assuming that the injection with no dispatch data will continue.

These situations have led to difficulties in maintaining the ongoing Ontario supply-demand balance and for the IMO to meet its reliability standard obligations. These problems are also causing, on occasion, significant and volatile re-dispatch of other Ontario facilities, resulting in facility reliability concerns.

To address this issue, the IMO and affected market participants have agreed that the existing market

### PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

rules (Appendix 7.7 section 1.2.1) can be satisfied through the submission of an outage slip showing a zero capability of the facility. The market participant would maintain dispatch data in the IMO-administered market systems for the facility. When the facility returns from segregated mode of operation, the market participant will remove the outage slip and the existing dispatch data will be used to schedule the facility appropriately. The IMO has implemented this agreed-to change procedurally. Market Manual 7: System Operations Part 7.3: Outage Management requires the market participant intending for a registered facility to operate in segregated mode of operation to submit an outage slip to the IMO (section 1.3.19).

In order to improve transparency of the market rules to reflect current practices Appendix 7.7 section 1.2.1 should be altered to reflect that dispatch data will continue to be maintained and section 1.3.1 and 1.3.2 should be altered to require that the market participant submit an outage slip as set out in the market rules regarding outages (Chapter 5 section 6.4).

The second issue is with respect to the timing of requests for segregated mode of operation. Currently market participants that intend for a registered facility to operate in a segregated mode of operation are required to make a request for segregation to the IMO with a minimum of 4 hours notice. A market participant has requested that the minimum notice be reduced to 2 hours to allow more flexible scheduling of segregated mode of operation. This increased flexibility will allow the market participant to respond more efficiently to market signals. In addition, this change makes segregated mode of operation consistent with the removal of the 4 to 2 hour restrictions on dispatch data revisions (MR-00232).

This timing change will require that the IMO be able to make a decision on approving/rejecting a request for segregated mode of operation in a shorter time frame. The IMO may have to make a decision within 30 minutes rather than the 60 minutes currently set out in the market rules. This change is a result of the transmitter requiring a minimum of 90 minutes notice in order to switch the applicable equipment or facilities required for implementing the segregated mode of operation.

### PART 4 – PROPOSED AMENDMENT

#### 1.2 Dispatch Data ~~Withdrawal and Submission~~

1.2.1 A market participant that intends for a registered facility to operate in a segregated mode of operation shall ~~withdraw any~~maintain dispatch data that was submitted for that registered facility for each dispatch hour during which a registered facility will or is intended to operate in segregated mode of operation. The market participant ~~may revise~~shall withdraw the applicable dispatch data in accordance with the timelines for submission of revised dispatch data specified in section 3.3 of Chapter 7.

#### 1.3 Scheduling & Scheduling Approval

1.3.1 A registered market participant shall, within the time required by section 1.3.3, submit a Request for Segregation to the IMO for approval to operate its registered facility in a segregated mode of operation and shall submit an outage request, in

- accordance with the provisions specified in section 6.4 of Chapter 5 and the applicable market manual, to the IMO for the registered facilities intended to operate in a segregated mode of operation. The registered market participant shall make such a *Request for Segregation* in accordance with the applicable market manual and the information contained in such *Request for Segregation* shall include, but not be limited to:
- 1.3.1.1 the time at which operation in a *segregated mode of operation* is intended to commence;
- 1.3.2 If a registered *market participant* wishes to revise the contents of a *Request for Segregation* it shall submit a new *Request for Segregation* and shall submit a new outage request to the *IMO* in accordance with section 1.3.1.
- 1.3.3 A *Request for Segregation* shall be made no earlier than 12:00 EST on the pre-dispatch day and no later than 4<sup>2</sup> hours prior to the start of the first *dispatch hour* to which such request pertains, unless otherwise agreed by the *IMO*. When the *Request for Segregation* is for the operation of a *registered facility* in a *segregated mode of operation* for more than one day the *IMO* may approve such operation for up to two *business days*.
- 1.3.4 Upon receipt of the *Request for Segregation* ~~T~~the *IMO* shall make a decision regarding a *Request for Segregation* as soon as practicable but no later than such time that allows the transmitter, referred to in section 1.3.5, a minimum of 90 minutes or such lesser time as agreed to by the transmitter to switch any applicable equipment or facilities required to permit implementation of the segregated mode of operation prior to the time set out in section 1.3.1.1 ~~within one hour of receipt of such *Request for Segregation*~~, and shall notify the registered market participant of such decision. The *IMO*:

## PART 5 – IMO BOARD COMMENTS