



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: -Market Regulation
Title: Rule Amendments Consequential to IMO Permanent Licence and Amendments to the OEB Act
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: Various Appendix: Sections: Various
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.

On July 31, 2003, the OEB issued a permanent licence to the IMO to direct the operation of transmission systems in Ontario and operate the market established by the market rules. The IMO permanent licence can be found at:

http://www.theimo.com/imoweb/pubs/corp/EI-2003-0088_IMO-Licence_2003jul31.pdf

This permanent licence, which replaces the IMO transitional licence, has some significant changes relative to the transitional licence. Some current market rules, originally drafted to be consistent with the IMO transitional licence, need to be amended to align the market rules with the permanent licence. The changes to the IMO licence that impact the market rules include:

- The IMO may now enter into agreements, as required, with transmitters (i.e. persons who own or operate a transmission system) providing for the IMO to direct the operation of that transmission system whether or not that person has an OEB transmitter's licence ;
- The definition of ancillary services has been expanded to include other existing and future potential ancillary services; and
- OEB approval of ancillary services and must-run contracts is no longer required. The approval now lies entirely with the IMO Board although, if the IMO and the market participant cannot reach agreement the matter will be determined by the OEB.

As a result of the amendments to the OEB Act (Ontario Regulation 20/02 and Ontario Regulation 41/04) certain transmitters are exempt from the need to obtain an OEB transmitter's license. However, the exemption from the need to obtain an OEB transmitter's license does not constitute an exemption from the market rule obligations and operational requirements relating to transmitters. Non-licensed transmitters would still need to comply with market rule obligations related to transmitters. These market rule obligations currently apply to non-licensed transmitters as the market rules only define a transmitter as a person that owns or operates a transmission system. Non-licensed transmitters however, would be excluded from the market rules provisions relating to payment for transmission services because these transmitters are not included in the provincial transmission pools. The market rules should be amended to:

- clarify the obligations of non-licensed transmitters, and
- clarify that the market rule provisions regarding transmission service charges only apply to licensed transmitters.

PART 4 – PROPOSAL (BY SUBMITTER)

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

The following amendments to the market rules should be made to align the market rules with the IMO permanent licence and amendments to the OEB Act;

- align the market rules definition of ancillary services with the definition within the IMO permanent licence (i.e. include black start and allow for other such services that the IMO might consider in the future);
- modify the obligation under chapter 2, section 1.2, that requires market participants to be subject to the market rules relating only to the activities authorized under their licence. Recent regulations exempt certain transmitters from the need to obtain an OEB license. However, the exemption from the need to obtain an OEB license does not constitute an exemption from the market rule obligations relating to transmitters;
- include an obligation under chapter 4, section 3.3 and chapter 5, section 3.4 that requires all transmitters, licenced or non-licenced, and market participants that own transmission assets, upon the request of the IMO, to enter into an operating agreement with the IMO providing for the IMO operational direction of the transmitter's transmission system to maintain the reliability of the IMO-controlled grid;
- replace the term "licencing" in chapter 4, section 6.1.10 with "applicable approvals" to clarify that the term "licencing" in this section refers to the regulatory and other approvals necessary for the construction of new or modified connections to the IMO-controlled grid, and does not refer to licencing of the transmitter itself.;
- obligate all transmitters, licenced or non-licenced, under chapter 4, section 6.4.3 to disconnect facilities or equipment from the IMO-controlled grid under emergency circumstances and do so in accordance with its licence, a code issued by the OEB, or the market rules;
- remove the provisions under chapter 7, section 9.3.3 and 9.6.10 (ancillary and must-run contracts) that require OEB approval of contract form or standard contract form, and OEB filing, where it is determined that a fair and efficient outcome of a contract could not be accomplished. The approval of ancillary service and must-run contracts now lies entirely with the IMO Board of Directors or its delegate;
- include a provision in chapter 7, section 9.3 and section 9.6 that requires that where the IMO and a market participant cannot reach agreement upon the terms and conditions of a proposed ancillary service or must-run contract, the matter shall be determined by the OEB ; and
- amend the following rules associated with transmission tariff or service charges to exclude non-licenced transmitters:
 - chapter 9, section 4.1 (transmission tariff charges);
 - chapter 10, section 3.1.3 (network service charges);
 - chapter 10, section 5.1.3 (line connection service charges);
 - chapter 10, section 6.1.3 (transformation connection service charges); and
 - chapter 10, section 6.A.1.1 (other transmission service charges)

PART 5 – FOR IMO USE ONLY

Technical Panel Decision on Rule Amendment Submission	
MR number: MR-00248-Q00	
Date submitted to Technical Panel: June 9, 2994	
Accepted by Technical Panel as: <input checked="" type="checkbox"/> General <input type="checkbox"/> Urgent <input type="checkbox"/> Minor (please indicate with X)	Date: June 15, 2004
Criteria for acceptance:	
<p>a) Identifies an error or inconsistency between the market rules and applicable laws, regulations, codes, OEB licence: the market rules are not consistent with (i) the IMO permanent licence and (ii) the regulatory treatment of transmitters that do not have a transmitter's licence; and</p> <p>b) Identifies ambiguity or confusion within the rules that cause interpretation confusion and leads to poor coordination of implementation or to future disputes: the market rules are not consistent, internally and compared to applicable regulations, with respect to the definition and obligations of a transmitter, resulting in problems in defining and applying the relative authorities and obligations of the IMO and transmitters (licenced and non-licenced).</p>	
Priority: Medium	
Criteria for assigning priority:	
Pervasiveness of the problem. The problems in defining and applying the relative authorities and obligations of the IMO and transmitters have been evident since market commencement and need to be rectified in order to improve market and grid operation. In addition, there are a number of market participants that are non-licenced transmitters that could be impacted by these amendments.	
Not accepted (please indicate with X):	
Clarification/interpretation required (please indicate with X):	
Technical Panel minutes reference: IMOTP 145-1	
Technical Panel Comments:	
The Technical Panel recommended that the rationale of the amendment proposal MR-00248-R00 include the following clarifications:	
<ol style="list-style-type: none"> 1. The IMO will determine, on a case-by-case basis, the need for an agreement with non-licenced transmitters. When an agreement is judged to be necessary, the agreement will set out the operational requirements and obligations of the non-licenced transmitter. In this regard, the form of agreement will be contingent on the potential impacts of the transmission facilities on the IMO-controlled grid, and resulting operational requirements and obligations of the non-licenced transmitter. 2. The market rule provisions regarding transmission service charges only apply to licenced transmitter who are participating in the OEB approved provincial transmission pools. 	