



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: Facility Registration
Title: Technical and Metering Requirements for Small Embedded Facilities
Nature of request (please indicate with X): <u> X </u> Alteration <u> </u> Deletion <u> </u> Addition Clarification
Chapter: 4, 8 Appendix: 4.15, 4.18, 4.19, 4.23 Sections: 4.6 (new) Ch. 8
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.

This market rule submission is in response to requests from distributed generation and distributed demand management project proponents for the IMO to review its technical requirements and revenue metering requirements for small facilities. In addition, the Government of Ontario has initiated a Request for Proposal (RFP) seeking additional supply in Ontario of new, renewable electricity capacity for Ontario. This RFP specifies that the minimum size for eligible projects would be 500 kW and that the proponent must become a market participant in the IMO-administered markets and comply with the market rules. For further information on this and other Government electricity demand/supply initiatives please refer to <http://www.powerauthority.on.ca/gp>. It is expected that successful projects under this RFP will be small embedded load and generation facilities.

The perceived barriers to market entry identified by project proponents included:

1. Chapter 4 Appendices 4.15, 4.18, 4.19, 4.23 of the Market Rules specifies telemetered operational quantities and related performance standards for embedded generation and load facilities. Cost effective commercially available control systems for small embedded load and generation may not be able to comply with all aspects of these requirements. Therefore the IMO has been asked to investigate the extent to which these standards may be altered to facilitate the addition of a number of small facilities into the IMO-administered markets.
2. Small facilities (500 kW to 5 MW) which typically have a low capacity factor (<500 hours per year) and hence generate limited annual revenues in the IMO-administered markets cannot justify the cost of meeting the wholesale revenue metering requirements specified in Chapter 6, section 4.1. The specific requirements are specified in Market Manual – Wholesale Revenue Metering Standard – Hardware (MDP_STD_0004). The IMO has worked with the Revenue Metering Sub-committee of the Market Operations Standing Committee (MOSC) to determine to what extent establishing a different revenue metering requirement for small embedded facilities is appropriate.

IMO staff believes that the market rules can be amended to lower these barriers for small embedded generation and load facilities with no material impact on the reliability of the IMO-controlled grid or on the efficient operation of the IMO-administered markets. This assessment is based on the (small) size of these facilities, the fact that they are embedded rather than connected to the IMO-controlled grid, and the relatively small amount of dollars that would be transacted annually through their revenue meters. The IMO would, however, need to retain the right to request additional information from a small facility if it were discovered to be impactful on the reliability of the IMO-controlled grid or on the efficient operation of the IMO-administered markets.

PART 4 – PROPOSAL (BY SUBMITTER)

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

It is proposed to amend the market rules in the following fashion:

Chapter 4 Appendix 4.15 (generators), and Chapter 4 Appendix 4.18 (embedded loads) should be amended to include:

A requirement for embedded small facilities that operate as an aggregated dispatchable resource to only provide the following quantities to facilitate scheduling in the IMO-administered markets:

- Megawatts (MW) output total of the aggregated resource
- Unit status of the aggregated resource
- Megavolt Amps Reactive (MX) of individual generating units as requested by the IMO for the reliable operation of the ICG.

These quantities are a subset of the current requirements for an embedded generator registering as a dispatchable generator in the IMO-administered markets. In addition, MX is currently required for all generators registering in the IMO-administered markets. This amendment would specify MX as a requirement for small embedded generators only where warranted for reliability.

Chapter 4, Appendix 4.19 (generators), and Chapter 4 Appendix 4.23 (loads) performance standards should be amended to allow small embedded facilities that participate in the IMO-administered markets and aggregate to less than 20 MVA to provide real time telemetry at a latency of up to 1 minute. This standard would apply unless the IMO determines that this increased latency will have a negative impact on the reliable operation of the IMO controlled grid. This standard is a relaxation of the current medium performance standard of a 10 second latency for small embedded generators.

It is proposed to insert a new section 4.6 into section 4 (Metering Installation) of Chapter 6 of the market rules. This section would specify:

- The energy threshold for determining facility eligibility - a market participant with a generation facility which injects into the IMO-controlled grid less than 17 GWh per annum would be deemed eligible to register a metering installation with the IMO which comprises of a standalone meter;
- The kind of meter that may be used for revenue metering purposes;
- There would be no obligation to provide an Emergency IT restoration plan;
- What the IMO will do if there is an IT failure at the metering installation; and,
- The obligation for the metered market participant to upgrade a meter installation if energy threshold is exceeded at the metering installation.

It is also proposed to amend Appendix 6.3 (Inspection and Testing Requirements) to state that for meters registered under the proposed section 4.6:

- The testing specified in Section 1.2 (On-Site Reconciliation & Meter Register Dial Readings) would not be required.
- The frequency of field meter spot checks specified by section 1.3 of Appendix 6.3 would be relaxed under some conditions in Section 1.5 (Frequency of Routine Testing).

PART 5 – FOR IMO USE ONLY

<i>Technical Panel Decision on Rule Amendment Submission</i>	
MR number: MR-00261-Q00	
Date submitted to <i>Technical Panel</i>: October 5, 2004	
Accepted by <i>Technical Panel</i> as: <input checked="" type="checkbox"/> General <input type="checkbox"/> Urgent Minor (please indicate with X)	Date: October 5, 2004
Criteria for acceptance: It identifies ways to simplify the market and/or reduce participant or IMO costs. Amending the rules as proposed would lower the entry cost for small distributed generation and demand management facilities in the IMO-administered markets.	
Priority: High.	
Criteria for assigning priority: Practical consequences.	
Not accepted (please indicate with X):	
Clarification/interpretation required (please indicate with X):	
<i>Technical Panel</i> minutes reference: IMOTP 151-1	
<i>Technical Panel</i> Comments:	