



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: Day-Ahead Market
Title: Market Participant Authorization
Nature of request (please indicate with X): <u>X</u> Alteration __ Deletion __ Addition __ Clarification
Chapter: 2 and 11 Appendix: Sections: 1, 3, 3A, 4 of chapter 2
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.

In consultation with market participants and other stakeholders, the IMO has developed a high level design of a day-ahead market (DAM). The IMO Board has endorsed proceeding with the development of a day-ahead market and has directed the IMO to proceed with the detailed design and market rule amendments for the DAM consistent with the high-level design¹. One area of market rule amendments needed is to incorporate the market participant authorization requirements for the DAM. The following is a brief summary of the market participant authorization requirements for the DAM. The participant authorization design document² provides details on these requirements for the DAM.

A person needs to be authorized by the IMO in order to participate in the IMO-administered markets. The real-time market authorization requirements are specified in the market rules Chapter 2 sections 1 and 3. The purposes of the authorization process are to:

- Allow the market participant to identify the markets in which it wishes to participate; and
- Require the market participant to demonstrate that it will satisfy the necessary authorization requirements including licencing and prudential support.

For a person wishing to conduct physical transactions in the day-ahead market, the authorization requirements for day-ahead market participation are the same as for the real-time market i.e. there are no incremental requirements for authorization in the day-ahead market. The person will still need to meet licencing, prudential and other requirements for its day-ahead market activities in order to be authorized.

One of the key requirements for authorization is that the person has an OEB licence permitting them to do one or more of the following activities listed in section 57 of the OEB Act, 1998. A person wishing to conduct virtual transactions in the DAM will not require an OEB licence for this activity, as a virtual transaction does not represent a purchase or sale of physical electricity or meet any of the activities listed in that section of the OEB Act. A person that is participating solely through virtual transactions in the DAM would be classed as a “financial market participant”, similar to a person participating solely through the financial transmission rights market.

¹ High Level design strawman IMO public web-site location:

http://www.theimo.com/imoweb/pubs/consult/mep/DAM_WG_Strawman-4_0.pdf.

² Authorization and Participation Design Document can be found on IMO web-site at:–

http://www.theimo.com/imoweb/pubs/consult/mep/dam_wg_IMO_DES_0016_DAM_AuthParticipation.pdf

PART 4 – PROPOSAL (BY SUBMITTER)

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

Amendments to chapter 2 sections 1 and 3 are required to clarify that the authorization may apply to participation in either or both of the real-time and day-ahead markets. For example section 1.2.2.1, which currently refers to the real-time markets, should be amended to include day-ahead markets or simply reference the IMO-administered markets.

The definition of financial market participant should also be changed to delete the reference to those persons participating in the day-ahead energy forward market and to include those persons only participating in the DAM by means of virtual transactions. Whether or not these participants would be exempt from GST registration and payment, as specified in section 1.2.2.6 needs to be determined.

It is also suggested that sections of chapter 2 related to participant authorization that are no longer relevant be deleted i.e. section 3A - Transitional Market Rules and section 4 - Conditional Authorization. These sections were developed to facilitate market commencement and no longer have any relevance to the market participant authorization process.

PART 5 – FOR IMO USE ONLY

<i>Technical Panel Decision on Rule Amendment Submission</i>	
MR number: MR-00272	
Date submitted to <i>Technical Panel</i>: 19 Aug 04	
Accepted by <i>Technical Panel</i> as: <input type="checkbox"/> General <input type="checkbox"/> Urgent <input type="checkbox"/> Minor (please indicate with X) N/A	Date: 24 Aug 04
Criteria for acceptance: N/A	
Priority: High	
Criteria for assigning priority: N/A	
Not accepted (please indicate with X):	
Clarification/interpretation required (please indicate with X):	
<i>Technical Panel</i> minutes reference: IMOTP 148-1	
<i>Technical Panel</i> Comments: Two issues were raised by the Technical Panel:	
<ol style="list-style-type: none"> 1. Government ruling on GST treatment for DAM virtual transactions needed. 2. Determination needed as to whether or not Ontario Securities Commissions oversight of the DAM in general and virtual trading particular is required. 	