



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: IESO Staff	
(if applicable) <i>Market Participant / Metering Service Provider No.</i> ¹ : N/A	Market Participant Class: N/A
Telephone: 416 506-2801	Fax: 416 506-2847
Email Address: rule.amendments@ieso.ca	

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: Market Surveillance		
Title: Align Market Rules with OEB-IESO Protocol on Market Surveillance Panel		
Nature of request (please indicate with X): <u>X</u> Alteration __ Deletion __ Addition __ Clarification		
Chapter:	Appendix:	Sections:
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.

Bill 100 (An Act to amend the Electricity Act, 1998 and the Ontario Energy Board Act, 1998 and to make consequential amendments to other Acts) was passed by the Ontario legislature in December 2004. One of the provisions of Bill 100 was to transfer the Market Surveillance Panel from the IMO/IESO to the Ontario Energy Board (OEB). This transfer took effect on January 1, 2005.

The IESO is maintaining a market assessment unit that, pre-Bill 100, provided analytical and administrative support to the Market Surveillance Panel. The market assessment unit will continue to provide that support to the Market Surveillance Panel.

Under MR-00285, the IESO aligned the market rules with the provisions of Bill100, including some of the necessary changes reflecting the transfer of the Market Surveillance Panel. However, MR-00285 amendments did not address all of the rule provisions regarding the relative authorities and obligations of the Market Surveillance Panel and the market assessment unit. The Technical Panel believed that making such amendments was premature until the OEB and the IESO developed a protocol on the relationship between the Market Surveillance Panel and the market assessment unit.

The OEB and the IESO are developing the protocol that defines the relationship between the IESO market assessment unit and the Market Surveillance Panel. The OEB-IESO protocol will authorize the Market Surveillance Panel to provide advice and assistance to the IESO under circumstances currently defined in the market rules.

The market rules should be amended to be consistent with the protocol. The market rules should not impose or infer obligations on the Market Surveillance Panel, as the Panel is not bound by the market rules. However, in the interests of market and regulatory transparency, the market rules should continue to identify circumstances where the IESO may refer situations to the Panel and also where the Panel may be providing services to the IESO-administered markets.

PART 4 – PROPOSAL (BY SUBMITTER)

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

Following is a list of current market rule references to the market assessment unit and the Market Surveillance Panel, along with a determination of whether or not a rule amendment is required and, if required, the suggested rule amendment.

Chapter 3 – Rule Amendment Process

4.3.12 Where the *amendment submission* relates to or may affect:

4.3.12.1 any provision of section 2, the *technical panel* shall, prior to conducting any meetings pursuant to section 4.3.11 or, in the absence of such meetings, prior to voting on the matter, consult with the *secretary* of the *dispute resolution panel* with respect to the matter. The *secretary* shall

~~consult such members of the *dispute resolution panel* as the *secretary* determines appropriate prior to consulting with the *technical panel*;~~ and

4.3.12.2 any provision of section 3, the *technical panel* shall, prior to conducting any meetings pursuant to section 4.3.11 or, in the absence of such meetings, prior to voting on the matter, consult with the Chair of the *market surveillance panel* with respect to the matter;

~~and each of the *secretary* and the *Chair* shall consult such members of their respective panels as they determine appropriate prior to consulting with the *technical panel*.~~

Rationale for change: the market rules should not impose an obligation on the Chair of the Market Surveillance Panel. The obligation on the secretary of the dispute resolution panel should be retained.

Chapter 7 – Aggregated Registered Facilities

2.3.2 The *IMOIESO* shall approve an application for the aggregation of *facilities* into a single *registered facility* unless:

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2.3.2.3 one or more of the facilities proposed to be aggregated is or includes a *generating unit* or a *load facility*:

- a. whose *offer* or *bid* information or whose in service or out of service status affects the numerical value of operating *security limits* in any manner;
- b. whose *offer* or *bid* information or whose in service or out of service status is information required by the *IMOIESO* for conducting detailed *security* and resource adequacy assessment;
- c. whose *offer* or *bid* information or whose in service or out of service status is information required to be submitted to the *market assessment unit* or the *market surveillance panel* in furtherance of their respective functions and obligations under the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998* and these *market rules*; or
- d. whose *offer* or *bid* information, in service or out of service status or other information is required by *applicable law*, by *license*, by the *Ontario Energy Board* or by a *standards authority* to be submitted to or obtained by the *IMOIESO*.

Rationale for change: the functions and obligations of the Market Surveillance Panel are now defined in both the Electricity Act, 1998 and the Ontario Energy Board by-law #3 that is authorized under the Ontario Energy Board Act.

Chapter 7 section 3.3.8 – Dispatch Data Submissions (no change required)

3.3.8 Notwithstanding any other provision of this section 3.3, a *registered market participant* shall as soon as practical submit to the *IMOIESO* revised *dispatch data*

for any *registered facility* in respect of which it is the *registered market participant* if, for any *dispatch hour* in the current *pre-dispatch schedule*, the quantity of any *physical service* scheduled for that *registered facility* differs from the quantity the *registered market participant* reasonably expects to be delivered or withdrawn by more than the greater of (i) 2 percent (ii) such absolute amount as may be determined by the *IMO-IESO* based on considerations of *reliability* and *facility* specific characteristics, (iii) in the case of a *cogeneration facility* that is either a *dispatchable* or *self-scheduling generation facility*, such amount based on the impact that the production of the other forms of useful energy within the *facility* has on *energy* production based on the information outlined in section 2.2.6.10, and the *IMO-IESO*, and (iv) in the case of an *enhanced combined cycle facility* that is either a *dispatchable* or *self-scheduling generation facility*, such amount based on the impact that the recovery of waste heat from an industrial process/processes within the *facility* has on *energy* production based on the information outlined in section 2.2.6.10, and the *IMO-IESO*:

- 3.3.8.1 shall, unless the change in quantity poses risks in relation to the *reliability* or *security* of the *electricity system*, include such change as an input in respect of any subsequent *market schedules* determined following receipt of the change; and
- 3.3.8.2 may refer such changes or revision of *dispatch data* to the *market surveillance panel*.

Rationale for **no** change: obligation is on the IESO to refer changes and revisions to the Market Surveillance Panel. There is no market rule obligation on the Panel.

Chapter 7 section 5.5.4 – Release of Pre-Dispatch Information

- 5.5.4 If the *IMO-IESO* determines that release of specific types of information in the *pre-dispatch schedule* may facilitate anti-competitive behaviour, the *IMO-IESO* may limit the release of such information through an *urgent amendment* to these *market rules*. ~~The *IESO* and shall also refer advise the matter to the market surveillance panel of the matter, which panel shall advise t~~The *IMO-IESO* Board may request the advice of the market surveillance panel of the need or otherwise for the *urgent amendment* to remain in effect.

Rationale for change: The market rules should not impose the obligation on the Market Surveillance Panel to advise the IESO Board on the merits of an urgent rule amendment. It is more appropriate for the IESO to advise the Panel on such a matter, as the Panel has a legitimate interest in activities that would facilitate anti-competitive behaviours. Given the Panel's interest and expertise in this area, it is also appropriate that the IESO Board have the option of consulting with the Panel on an urgent rule amendment arising from such a situation.

Chapter 7 section 7.5.7 – Compliance with Dispatch Instructions (no change required)

- 7.5.7 Until the *registered market participant* for a non-conforming *registered facility* responds to the requirements of this section 7.5 to the satisfaction of the *IMO-IESO*, such *registered facility* shall continue to be designated as non-conforming, and such failure to respond on the part of that *registered market participant* may be

referred by the ~~IMO~~IESO to the *market surveillance panel* at any time.

Rationale for **no** change: obligation is on the IESO to refer the situation to the Market Surveillance Panel. There is no market rule obligation on the Panel.

Chapter 7 section 9.8.1.4 – Publication of Procurement Contract Information (no change required)

9.8.1 The ~~IMO~~IESO shall treat information relating to the procurement of *contracted ancillary services* and *reliability must-run contracts* as follows:

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9.8.1.4 where the ~~IMO~~IESO obtains *contracted ancillary services* or *reliability must-run contracts* in the presence of market power, as confirmed by the *market surveillance panel*, the ~~IMO~~IESO shall *publish* the relevant terms and conditions of the contracts, except for price which shall not be disclosed, in order to encourage competition.

Rationale for **no** change: there is no market rule obligation on the Market Surveillance Panel. If the Panel does not confirm the presence of market power, the IESO would not be permitted to publish the contract terms and conditions.

Appendix 7.6 section 1.3.5 – Initial Local Market Power Screens

1.3.5 ~~The IESO shall publish the methodology, as determined by the market surveillance panel, for determining a pair of high end factors and a pair of low end factors for each type of reference price referred to in section 1.3.3, including the alternative reference price referred to in section 1.3.3.1B, if any. The market surveillance panel shall, for the purposes of section 1.3.2 and in accordance with sections 1.3.6 and 1.3.7, establish the methodology for determining a pair of high end factors and a pair of low end factors for each type of reference price referred to in section 1.3.3, including the alternative reference price referred to in section 1.3.3.1B, if any. Such methodology shall:~~

~~1.3.5.1 — be submitted to the IMO Board for approval; and~~

~~1.3.5.2 — be published by the IMO in the form approved by the IMO Board.~~

Rationale for Change: in the interests of market transparency, the market rules should acknowledge that the Market Surveillance Panel establishes the above methodologies, without obligating Panel to do so, and the IESO should retain the obligation to publish the methodologies so that market participants are aware of the methodologies.

Appendix 7.7 section 1.8.1 – No Prejudice to Other Investigations (no change required)

1.8.1 Nothing in this Appendix shall preclude the *market assessment unit* or the *market surveillance panel* from conducting, in accordance with section 3 of Chapter 3, any monitoring or evaluation activity or analysis or any investigation with respect to or that involves an *energy bid* or an *energy offer* that has been the subject of an investigation or inquiry pursuant to this Appendix, provided that no *registered market participant* shall, as a result of such activity, analysis or investigation, be subject to the imposition of any financial sanction by the ~~IMO~~IESO other than the

revision of a *settlement* credit or the imposition of a financial penalty effected in accordance with this Appendix.

Rationale for **no** change: this market rule does not place an obligation on the Market Surveillance Panel.

PART 5 – FOR IMO USE ONLY

Technical Panel Decision on Rule Amendment Submission	
MR number: MR-00290	
Date submitted to Technical Panel: 24 Feb 05	
Accepted by Technical Panel as: <input checked="" type="checkbox"/> General <input type="checkbox"/> Urgent <input type="checkbox"/> Minor (please indicate with X)	Date: 1 Mar 05
Criteria for acceptance: It identifies an error or inconsistency between the market rules and applicable laws, regulations, codes, OEB licence etc. With the transfer of the Market Surveillance Panel to the OEB, the Market Surveillance Panel is no longer subject to the market rules and the market rules can no longer place obligations on the Market Surveillance Panel.	
Priority: High	
Criteria for assigning priority: The errors in the market rules are in areas of local market power mitigation, the rule amendment process and information confidentiality – areas which impact potentially all market participants.	
Not accepted (please indicate with X):	
Clarification/interpretation required (please indicate with X):	
Technical Panel minutes reference: IESOTP 159-1	
Technical Panel Comments:	