



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@ieso.ca

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 *IESO* 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 *IESO* 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) *Market Participant /
Metering Service Provider No.*¹: N/A

Market Participant Class:
N/A

Telephone: 416-506-2801

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E-mail Address: Rule.Amendments@ieso.ca

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: Reliability

Title: Emergency Load Reduction Program

Nature of Request (please indicate with x)

Alteration Deletion Addition Clarification

Chapter: 7, 9 Appendix: _____ Sections: 15 (new – chapter 7), 4.7D (new – chapter 9), 4.8 (chapter 9)

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 *IESO-administered markets*. Include the Chapter and Section number of the relevant *market rules*.

At its February 3, 2006 meeting the IESO Board approved the high level design of an Emergency Load Response Program (ELRP). The Board directed the IESO to develop the amendments to the market rules and market manuals required to implement the Emergency Load Reduction Program and implement the program for its use in the summer, 2006.

The ELRP design has been developed over the past three months with extensive use of the IESO's stakeholder engagement process through workshops and open meetings. Presentations, issues and concerns raised over the course of the process, along with the IESO responses, are set out in the following link:

http://www.ieso.ca/imoweb/consult/consult_drrp.asp.

The ELRP creates incentives for Ontario load to help address the reliability needs of the province. The ELRP would form part of the IESO Emergency Operating State Control Action (EOSCA) list for responding to emergency situations. The program would be implemented as one of the initial steps on the EOSCA list, in order to reduce the reliance on emergency control actions such as voltage reductions, requesting Ontario generators to apply for environmental variances, and emergency energy purchases from neighbouring jurisdictions. The program is intended to be implemented as one of several initiatives being proposed to provide reliability enhancements for the summer of 2006, but it is also expected to be an ongoing feature of the IESO-administered market. For further information in regard to the ELRP design please refer to:

http://www.ieso.ca/imoweb/pubs/consult/se8/se8_dr-20051221-program.pdf.

PART 4 – PROPOSAL (BY SUBMITTER)

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

It is proposed to write the market rules such that they define the necessary authorities, permissions, and obligations for the ELRP to function. It is also proposed that the program details would be articulated in the applicable market manuals. It is anticipated that the ELRP will evolve over time. For example, program participation may, over time, become very diverse in terms of the nature of the load reduction technologies that could be implemented by participants. In addition, as the IESO operates the program, efficiency and technological improvements (i.e. tools) could be implemented enhancing the effectiveness of the ELRP. This enabling approach to rule writing is proposed to ensure flexibility in the program's operation within the framework established by the market rules.

The market rules should be amended as follows to implement the Emergency Load Reduction Program. It is proposed to insert a new section 15, "Emergency Load Response Program" (ELRP) in Chapter 7 of the market rules which would include the following permissions, obligations, and authorities as well as appropriate references to the applicable market manual.

PART 4 – PROPOSAL (BY SUBMITTER)Eligibility requirements to participate in the program.

These would include:

- an obligation on the program participant to be a market participant;
- an obligation on the ELRP participant to provide a minimum level of demand reduction of 1 MW;
- an obligation on the ELRP participant to obtain any applicable OEB licence; and,
- an obligation on the ELRP participant to submit a Measurement and Verification Plan and obtain IESO approval of the plan. The required elements of a Measurement and Verification Plan would be defined in a market manual.

Program Operation.

These would include:

- an obligation on the participant who is receiving a standby fee to reduce their demand for electricity from the ICG if activated by the IESO unless such compliance would endanger the safety of any person, damage equipment, or violate any applicable law;
- a permission for the IESO to either reduce or not pay at all, in accordance with the applicable market manual, the standby fee if the participant does not activate load reduction upon the IESO's request;
- a permission for the IESO to limit the number of activation notices per program participant per day as defined in the applicable market manual;
- an obligation on the participant to provide confirmation to the IESO that the activated demand reduction was not also being counted for at that time under any other demand reduction program or service such as those which may be offered by the IESO, the Ontario Power Authority, or possibly an LDC;
- a permission for the IESO to refuse participation in the ELRP if it would negatively impact the reliable operation of the IESO-controlled grid
- a permission for the IESO to remove a participant from the ELRP if continuing participation would negatively impact the reliable operation of the IESO-controlled grid;
- authority for the IESO Board to set the prices to be paid for both standby and activation;
- an obligation on the IESO to publish prices set by the IESO Board on the IESO website;
- authority for the IESO Board or its Delegate to establish the program parameters including hours or days of operation, activation, and any other program parameters deemed to be necessary by the IESO Board;
- an obligation on the IESO to publish the ELRP program parameters on the IESO website;
- an obligation on the IESO to provide a minimum of 5 business days notice for any changes to the program parameters including prices to be paid and hours/days of operation;
- an obligation on the IESO to provide public notification of when the program is initiated; and,
- an obligation on the IESO to report, in accordance with the applicable market manual, any demand response activation under the program and the results achieved.

Settlements

It is proposed to insert a new section 4.7D "Emergency Load Reduction Program Payments" into Chapter 9 of the market rules. This section would include the following:

- an obligation on a market participant participating in the Emergency Load Reduction Program to provide settlement data to the IESO in the time and manner specified in the applicable market manual. The IESO would be authorized to audit any submitted settlement data and supporting information;
- an authority for the IESO to recover from the ELRP participant any previous ELRP payments

PART 5 – FOR IESO USE ONLY

1. Criteria for Assigning Priority: Pervasiveness of the problem. In the summer of 2005 the IESO resorted to the use of Emergency Control Actions, including the use of voltage reductions, to maintain the reliable operation of the IESO-controlled grid on a number of occasions. Voltage reductions have an impact on all consumers of electricity in Ontario and are indicative of the nature and the severity of these reliability impacts which require resolution. The IESO believes that corrective actions such as implementing the ELRP are necessary in order to not repeat the operating conditions of this past summer for the summer of 2006. The number of affected market participants and the significant nature of these impacts infer that this amendment should have a high priority.

2. Practical consequences. A failure to resolve the identified reliability issues prior to actions being taken that either directly or indirectly affect all Ontarians will significantly erode the fidelity of the IESO-administered markets. This consideration suggests that the issue needs to be addressed in a timely manner and solutions need to be in place prior to the next period of anticipated electricity system stress.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

Technical Panel Minutes Reference: IESOTP 180-1 _____

Technical Panel Comments: _____