



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: 905-855-6464

Fax: _____

E-mail Address: rule.amendment@ieso.ca

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: Day-Ahead Commitment Process

Title: Prohibit Import Eligible for DA-IOG to Be Part of a Linked Wheeling Through Transaction

Nature of Request (please indicate with x)

Alteration Deletion Addition Clarification

Chapter: 7, 9

Appendix: _____

Sections: _____

Sub-sections proposed for amending/clarifying: 3.3A.13 (new), 5.8.1 (Chapter 7), 4.8.2.11 (Chapter 9 – new)

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*.

Background:

The Day-Ahead Commitment Process (DACP) affords market participants the opportunity to arrange day-ahead import transactions and secure a guaranteed floor price for that transaction through a Day-Ahead Intertie Offer Guarantee (DA-IOG). The DA-IOG offered enhances reliability by providing a secure framework in which to attract imports to the Ontario market.

Issue:

If a day-ahead import transaction (included in the day-ahead pre-dispatch-of-record and therefore eligible to receive the DA-IOG) is linked to an export transaction through the process outlined in Chapter 7, section 3.5.8.2 it becomes part of a “linked wheeling through” transaction. A “linked wheeling through” transaction offers no reliability benefit to Ontario as the electricity is wheeled through Ontario but is not used to service Ontario load because the IESO cannot cut the export leg so that the import could serve Ontario load. If the IESO cuts the export leg of a “linked wheeling through” transaction the IESO also must cut the import leg. In addition, other DACP commitments are made based on that import transaction and if it becomes part of a “linked wheeling through” transaction the IESO could be under-committing other resources to meet forecast Ontario demand and operating reserve requirements.

In accordance with the DACP design, registered market participants whose imports receive a schedule in the DACP are eligible for a DA-IOG for that transaction. Exports are not considered by the DACP. (please refer to http://www.ieso.ca/imoweb/pubs/mr2006/MR_00304-R00-BA.pdf) These guarantees assure that importers will recover at least day-ahead as-offered costs if imports perform in real-time in a manner consistent with the day-ahead commitment. The DA-IOG is a guarantee paid by Ontario loads to ensure sufficient imports will flow in real-time to maintain the reliable operation of the IESO-controlled grid and service Ontario load.

The existing DACP data submission market rules (please refer to http://www.ieso.ca/imoweb/pubs/mr2006/MR_00303-R00-R05-BA.pdf) did not prohibit an import eligible for a DA-IOG from being converted into a “linked wheeling through” transaction. Ontario loads should not be paying a reliability premium to imports scheduled in the DACP if those imports become part of a linked wheeling through transaction. Furthermore, a loss of that import by the IESO-administered markets has the potential to adversely impact the reliability of the IESO-controlled grid because the import had been scheduled in the DACP to meet forecast Ontario load and operating reserve requirements the next day. For these reasons the market rules should prevent an import scheduled in the DACP from becoming part of a “linked wheeling through” transaction and if that does occur the IESO should be granted the authority to recover any DA-IOG payments associated with the transaction from the registered market participant and for the IESO to be obligated to re-distribute those recovered payments to market participants. In addition, the IESO should not be considering a linked import during the DACP and the market rules should be amended to reflect that obligation.

For further information on the Day-Ahead Commitment Process design please refer to:
http://www.ieso.ca/imoweb/consult/consult_isr.asp

PART 4 – PROPOSAL (BY SUBMITTER)

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

The IESO Market Rules should not allow a market participant to convert a day-ahead import transaction to a linked wheel-through transaction.

Insert a new subsection 3.3A.13 in Chapter 7 to specify the following:

- A registered market participant for a boundary entity cannot convert a DA-IOG import into a “linked wheeling through” transactions. If the registered market participant does convert the DA-IOG import into a “linked wheeling through” transaction the IESO would be obligated to recover any DA-IOG payments associated with that import transaction.

Consequential to the insertion of a new subsection 3.3A.13 there is a need to insert a new subsection 4.8.2.11 in Chapter 9 to specify the following:

- The IESO would be obligated to redistribute any day-ahead intertie offer guarantee payments recovered in accordance with section 3.3A.13.

Finally, it is proposed to amend section 5.8.1 of Chapter 7 as follows:

- Specify the IESO’s obligation to not consider dispatch data for import transactions which form one leg of a “linked wheeling through” transaction in determining DACP pre-dispatch schedules.

PART 5 – FOR IESO USE ONLY

Technical Panel Decision on Rule Amendment Submission: Warrants Consideration

MR Number: MR-00317

Date Submitted to *Technical Panel*: April 6, 2006

Accepted by *Technical Panel* as: (please indicate with x)

Date:

General Urgent Minor

April 11, 2006

Criteria for Acceptance: It identifies an IESO-controlled grid operating reliability concern. An import scheduled in the DACP which becomes part of a linked wheeling through transaction may result in the IESO scheduling insufficient resources in the DACP to meet the forecast needs of Ontario loads in real-time and specified operating reserve requirements.

Priority: High.

Criteria for Assigning Priority: Practical consequences. The DACP is scheduled to be launched on May 31, 2006 for the June 1, 2006 trade date. It is necessary for the successful functioning of the DACP for this market rule amendment to be in effect for the launch of the DACP.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

Technical Panel Minutes Reference: IESOT 183-1

PART 5 – FOR IESO USE ONLY

Technical Panel Comments: _____