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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	<b>MR-00317-R00</b>		
Subject:	<b>Day-Ahead Commitment Process</b>		
Title:	<b>Prohibit Import Eligible for DA-IOG to Be Part of a Linked Wheeling Through Transaction</b>		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	7	Appendix:	
Sections:			
Sub-sections proposed for amending:	3.3A.13 (new)		

### PART 2 – PROPOSAL HISTORY –

Version	Reason for Issuing	Version Date
1.0	Submit for Technical Panel Review	April 6, 2006
2.0	Publish for Stakeholder Review and Comment	April 11, 2006
Approved Amendment Publication Date:		
Approved Amendment Effective Date:		

### PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

- The reason for the proposed amendment and the impact on the *IESO-administered markets* if the amendment is not made.
- Alternative solutions considered.
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IESO-administered markets*.

#### Summary

This amendment proposal specifies that a market participant which has received a Day-Ahead Intertie Offer Guarantee (DA-IOG) will not be permitted to convert a day-ahead import transaction to a linked wheeling through transaction. This prohibition is required to ensure that an import scheduled in the Day-Ahead Commitment Process (DACP) will flow to meet the requirements of Ontario loads. This amendment proposal also provides the IESO with the authorities necessary to recover any DA-IOG payments associated with linked wheeling through transactions for that transaction and to re-distribute those payments to market participants. In addition, this amendment proposal also specifies that the IESO should not be considering import offers associated with a wheeling through transaction in determining DACP pre-dispatch schedules and the market rules should be amended to reflect that obligation.

#### 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.

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](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](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

**PART 3 – EXPLANATION FOR PROPOSED AMENDMENT**

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 Ontario load 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](http://www.ieso.ca/imoweb/consult/consult_isr.asp)

**Discussion**

It is therefore proposed to insert a new section 3.3A.13 into Chapter 7 of the market rules to prohibit a market participant from converting a day-ahead import transaction to a linked wheeling through transaction. It is also proposed to specify in section 3.3A.13 that if the IESO detects the dispatch data was revised in order convert the import into a linked wheeling through transaction the IESO would be obligated to recover from the market participant the DA-IOG for that transaction and to redistribute the payment to market participants in accordance with Chapter 9, section 4.8.2.11.

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**PART 4 – PROPOSED AMENDMENT****3.3A Dispatch Data Submissions for the Day-Ahead Commitment Process**

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3.3A.13 A registered market participant for a boundary entity which is eligible to receive a day-ahead intertie offer guarantee for an import transaction in accordance with section 3.3A.5 shall not revise the submitted dispatch data to link that import transaction to an export transaction as described in section 3.5.8.2 of Chapter 7. If the IESO determines that the dispatch data was revised by the registered market participant in the manner described above the IESO shall recover from the registered market participant any day-ahead intertie offer guarantee payment for that import transaction and shall redistribute the payment in accordance with chapter 9, section 4.8.2.11.

**PART 5 – IESO BOARD COMMENTS**

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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	<b>MR-00317-R01</b>		
Subject:	<b>Day-Ahead Commitment Process</b>		
Title:	<b>Prohibit Import Eligible for DA-IOG to Be Part of a Linked Wheeling Through Transaction - Settlements</b>		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	9	Appendix:	
Sections:			
Sub-sections proposed for amending:	4.8.2.11 (new)		

### PART 2 – PROPOSAL HISTORY – PLEASE REFER TO R00

Version	Reason for Issuing	Version Date
Approved Amendment Publication Date:		
Approved Amendment Effective Date:		

**PART 3 – EXPLANATION FOR PROPOSED AMENDMENT**

Provide a brief description of the following:

- The reason for the proposed amendment and the impact on the *IESO-administered markets* if the amendment is not made.
- Alternative solutions considered.
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IESO-administered markets*.

**Summary**

This amendment proposal specifies the obligation for the IESO to redistribute to market participants any adjustments made to day-ahead intertie offer guarantee (DA-IOG) payments made in accordance with section 3.3A.13 of Chapter 7. This obligation is necessary to ensure that market participants who have paid for the DA-IOG payments in the first place are reimbursed when the IESO recovers these payments from registered market participants who have converted the import transactions into a linked wheeling through transaction.

**Background**

Please see MR-00317-R00.

**Discussion**

Consequential to the rule amendment proposed in MR-00317-R00 it is proposed to insert a new section 4.8.2.11 into Chapter 9 of the market rules to obligate the IESO to redistribute any adjustments made to day-ahead intertie guarantee payments in accordance with section 3.3A.13 of Chapter 7. These payments would be made to market participants on a pro-rata basis based on energy consumption during that energy market billing period.

**PART 4 – PROPOSED AMENDMENT**

4.8.2 The *IESOMO* shall, at the end of each *energy market billing period*, distribute to *market participants*, on a pro-rata basis across all allocated quantities of *energy* withdrawn at all *RWMs* and *intertie metering points* during all *metering intervals* and *settlement hours* within that *energy market billing period*, the following amounts:

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4.8.2.11 any adjustments to day-ahead *intertie offer* guarantee payments pursuant to section 3.3A.13 of Chapter 7

**PART 5 – IESO BOARD COMMENTS**

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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00317-R02		
Subject:	Day-Ahead Commitment Process		
Title:	Prohibit Import Eligible for DA-IOG to Be Part of a Linked Wheeling Through Transaction		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	7	Appendix:	
Sections:	5.8		
Sub-sections proposed for amending:	5.8.1		

### PART 2 – PROPOSAL HISTORY – PLEASE REFER TO R00

Version	Reason for Issuing	Version Date
Approved Amendment Publication Date:		
Approved Amendment Effective Date:		



### PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

- The reason for the proposed amendment and the impact on the *IESO-administered markets* if the amendment is not made.
- Alternative solutions considered.
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IESO-administered markets*.

#### Summary

This amendment proposal specifies the IESO’s obligation to not consider import offers associated with a linked wheeling through transaction in determining pre-dispatch schedules associated with the day-ahead commitment process (DACP). This is necessary because market participants could submit a linked wheel import offer before the DACP is completed.

#### Background

The existing market rules in section 5.8.1 of Chapter 7 do not currently specify that the IESO will not consider import offers in the DACP which are associated with “linked wheeling through” transactions. The IESO will not be considering these offers and this transparency is required in the market rules. For further information please refer to MR-00317-R00.

#### Discussion

It is proposed to amend section 5.8.1 of Chapter 7 of the market rules as follows:

- Specify the obligation for the IESO to not consider import offers associated with a linked wheeling through transaction in determining DACP pre-dispatch schedules.

### PART 4 – PROPOSED AMENDMENT

## 5.8 The Day-Ahead Commitment Pre-Dispatch Scheduling Process

- 5.8.1 The *IESO* shall determine *pre-dispatch schedules*, without considering [import offers associated with a linked wheeling through transaction and all export bids](#) for the *dispatch hours* of the next *dispatch day* each hour starting from 11:00 EST, until the constrained schedules from the *pre-dispatch of record* are *published* under section 5.8.2.

**PART 5 – IESO BOARD COMMENTS**

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