



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: <u>IESO Staff</u>	
(if applicable) <i>Market Participant / Metering Service Provider No.</i> ¹ : <u>N/A</u>	<i>Market Participant Class:</i> _____
Telephone: <u>(905) 855-6464</u>	Fax: <u>N/A</u>
E-mail Address: <u>rule.amendment@ieso.ca</u>	

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: <u>Real-Time Intertie Transaction Failure Charges</u>	
Title: <u>Interim Reporting of Real-Time Intertie Transaction Failure Charges on Preliminary Settlement Statements</u>	
Nature of Request (please indicate with x)	
<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion
<input type="checkbox"/> Addition	<input type="checkbox"/> Clarification
Chapter: <u>9</u> Appendix: _____ Sections: <u>3.8C</u>	
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*.

The market rules require that hourly settlement amounts such as the real-time intertie transaction failure charge be included on daily preliminary settlement statements as hourly settlement amounts for the trading day in which they occur.

Presently there is some likelihood that the software tools to implement real-time intertie transaction failure charges on a daily basis will not be available until about one month after the implementation date of the Day-Ahead Commitment Process (DACP). The IESO is authorized, under the recently approved MR-00308 amendment proposal, to recover and distribute the real-time intertie transaction failure charge as a non-hourly settlement amount. The IESO intends to use a manual process to calculate, recover and distribute these charges as a non-hourly settlement amount on a monthly basis until the daily software capability is developed. This monthly recovery and distribution does not relieve the IESO of the obligation to report real-time intertie transaction failure charges on the daily settlement statements for the trading days to which the charges relate. Therefore, the IESO cannot implement the real-time intertie transaction failure charge under the current market rules unless it has the software capability to report the charges on the daily preliminary settlement statements. This would mean that the DACP would be in place, with its day-ahead intertie transaction failure charge, for some period of time while there would be no real-time intertie transaction failure charge.

The IESO is concerned that the DACP may not be effective if the real-time intertie transaction failure charge rule is not implemented at the same time. Specifically, the IESO is concerned that without real-time intertie transaction failure charges, there will be an incentive for intertie traders to avoid the DACP and the risk of incurring the day-ahead intertie failure charge, and choose instead to transact only in the real-time market.

PART 4 – PROPOSAL (BY SUBMITTER)

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

For the interim period that the IESO does not have the software capability to include real-time intertie transaction failure charges on preliminary settlement statements in a manner consistent with the market rule requirements for hourly settlement amounts, the IESO should include them in the preliminary settlement statement for the last trading day of the month.

PART 5 – FOR IESO USE ONLY

Technical Panel Decision on Rule Amendment Submission: Warrants Consideration

MR Number: MR-00319

Date Submitted to *Technical Panel*: April 18, 2006

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

Date:

General Urgent Minor

April 19, 2006

Criteria for Acceptance: It identifies an IESO-controlled grid operating reliability concern. The need for the Day-Ahead Commitment process (DACP) is to address reliability concerns. The IESO is concerned that without real-time intertie transaction failure charges, there will be an incentive for intertie traders to avoid the DACP and the risk of incurring the day-ahead intertie transaction failure charge. Traders could instead arrange imports and exports only in real-time. This could reduce the effectiveness of the DACP in maintaining the reliability of the IESO-controlled grid.

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. The real-time intertie transaction failure charge is important to the successful functioning of the DACP.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

Technical Panel Minutes Reference: 184-1

Technical Panel Comments: _____