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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00328-R00		
Subject:	IESO Procurement Markets		
Title:	Duration of Reliability Must-Run Contracts		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	7	Appendix:	
Sections:	9.7.1		
Sub-sections proposed for amending:			

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel review	22 August 06
2.0	Revised to reflect Technical Panel comments and Post for Stakeholder Review	05 September 06
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**

The amendment proposes to extend the permitted term of reliability must-run (RMR) contracts from 12 months to 18 months. These longer term contracts are expected to result in a more efficient contracting process by reducing the frequency of contracting negotiations and potential for OEB involvement.

**Background**

The present requirement to limit RMR contracts to a maximum of 12 months may result in a contract duration that is shorter than the foreseen requirement. Although RMR contracts are typically required to address localized, temporary reliability concerns, alternative solutions to these problems generally require more than 12 months to identify and implement. A term of up to 18 months might allow for alignment with the IESO's 18 month assessment.

**Discussion**

Chapter 7, section 9.7.1 lists the requirements for reliability must-run contracts. This section should be amended to allow contracts of up to 18 months in length. This proposed change would align the length of the contracts with the IESO's 18 month forecast, and allow additional time to provide an opportunity for a suitable alternative reliability solution to be implemented.

**PART 4 – PROPOSED AMENDMENT****Chapter 7:****9.7 Terms and Conditions of Must-Run Contracts**

9.7.1 Subject to sections 9.6.11 and 9.6.13, the *IESO* shall include in each *reliability must-run contract* terms and conditions that address, at a minimum, the following:

- 9.7.1.1 the duration of the *reliability must-run contract*, which shall not exceed ~~1 year~~ 18 months;

**PART 5 – IESO BOARD DECISION RATIONALE**

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