



## Market Rule Amendment Written Submission

This form is used to provide comment on a *market rule* amendment under consideration by the *IESO*. Please complete all four sections of this form and submit the completed form by email or fax to the following:

Email Address: [Rule.Amendments@ieso.ca](mailto:Rule.Amendments@ieso.ca)  
 Fax No.: (416) 506-2847 **Attention: Market Rules Group**  
**Subject: Market Rule Written 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* intends to *publish* this written submission.

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 your organization and contact information in full.

Name: Penn Energy Renewables, Ltd.; Attention: Naren Pattani

(if applicable) *Market Participant / Metering Service Provider* No.<sup>1</sup>: \_\_\_\_\_ *Market Participant Class:*  
 (Generation Connected to Distribution)

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### PART 2 – MARKET RULE AMENDMENT REFERENCE

**Type of Rule Amendment Being Commented on** (please indicate with x):

Amendment Submission     Proposed Rule Amendment     Recommended Rule Amendment

**MR Number:** MR-00362

This *Market Rule* number is located on the “Current Market Rule Amendment” web page.

**Date Relevant Amendment Submission, Proposed or Recommended Rule Amendment Posted for Comment:** April 21, 2011

<sup>1</sup> This number is a maximum of 12 characters and does not include any spaces or underscore.

**PART 3 – COMMENTS ON RULE AMENDMENT**

Provide your comments.

**Summary:**

Penn Energy Renewables, Ltd. (Penn Energy) commends the IESO and the Technical Panel (TP) for their effective stakeholder engagement process, both during the development of forecast data requirements for variable generation and, now, during the TP's consideration of the Market Rule Amendment Proposal MR-00362-R01 to anchor these data requirements (Attachments A and B of the Amendment Proposal) in the applicable market manual to the Market Rules.

Penn Energy agrees that the IESO needs forecasting data from variable generation connected to the distribution system and the IESO should indeed have as much visibility as economically and technically possible about such generation. At the same time, Penn Energy appeals the TP to consider some minor changes to the proposed rule amendments in order to minimize the risk of inefficiencies and unnecessary staffing & financial burden on Non Market Participant Distribution Embedded Generators. Our comments below are an attempt to find a good balance between the requirements of the IESO and obligations of Non Market Participants that are being drawn under the Market Rules purview for the first time.

Penn Energy actively participated on the Visibility Technical Working Group (VTWG) and we are generally satisfied with the data requirements specified in Attachments A and B. However, we are concerned about two aspects of the wording of the Market Rule amendment proposals: (i) in the matter of the implicit contract with distribution connected generators (in the new Section 4.3.2 of Chapter 1) that could be interpreted to mean that most of these entities that are Non Market Participants would come under the purview of *all* of the Market Rules, and not just the rules related to forecasting as is the intent of the rule amendment; and (ii) in the matter of outage notification requirement for distribution-embedded variable generation (in Chapter 4, Section 7.7.2.2) that is more stringent than that for generating facilities and dispatchable load facilities that are Market Participants, and therefore it would result in inefficiencies and inequitable burden on distributed generation and Non Market Participants. These concerns are explained below.

**Discussion and Proposal for Clarifications of the Rule Amendments**

**In the Matter of Contractual Force (Chapter 1, Section 4.3):**

The existing Section 4.3.1 (which is not the subject of amendment) of Chapter 1 rightly establishes a contract between the IESO and all *Market Participants* with respect to the comprehensive set of Market Rules that cover many aspects including operations, dispatch, financial transactions, metering, settlements, etc.. Such a contract and obligations for Market Participants are indeed necessary for the reliable operation of the system and the market.

We are however concerned that the proposed Section 4.3.2, the purpose of which is primarily to oblige Non Market Participant Distribution Embedded Generators to provide forecasting data to the IESO, has been worded similar to Section 4.3.1. As result, the new Section 4.3.2 can be interpreted to mean that

### PART 3 – COMMENTS ON RULE AMENDMENT

it too establishes a contract between the IESO and the Non Market Participant Distribution Embedded Generators *with respect to all of the Market Rules including many aspects noted above*. We believe that neither the IESO nor TP are proposing to bring Non Market Participant Distribution Embedded Generators under the purview of *all* of the Market Rules. Absent clarification in Section 4.3.2, this rule can result in inefficiencies and, under some circumstances, it can be misinterpreted by individuals other than those intimately involved in developing rules for Data Obligations for Centralized Forecasting.

The concern noted above is exacerbated by the observation that the various sections of the massive set of Market Rules – for example, many of the rules dealing with settlements, metering, financial transactions, and operations – do not specifically mention that this section or that section applies to Market Participants, nor that this section or that section does not apply to Non Market Participants. Thus, for example, absent clarification in the new Section 4.3.2, Non-Market Participant Distributed Embedded Generation will need to read *and understand* the entire set of Market Rules in order to determine which obligations apply to them and which do not. This would be inefficient and, given the scope and complexity of the Market Rules, there is a significant risk that some Non Market Participant Generators may not be able to readily fathom the limit of their obligations. More significantly, since, the proposed Section 4.3.2 can indeed be legally interpreted to mean that Non Market Participant Embedded Generators do indeed have a contract with the IESO with respect to *all* of the Market Rules, it can lead to complexities, legal challenges, and inefficient outcomes for the IESO as well as the generators connected to the distribution system.

In the interest of the IESO and the distribution connected generators that are Non Market Participants, we therefore recommend that the proposed new Section 4.3.2 should be revised slightly, to add clarity, as indicated below. (Note: Original rule amendment proposal shown in red, Penn Energy’s proposed change shown in underlined blue):

4.3.2 The *market rules* have the effect of a contract between each person providing electricity supply generated from sources connected to a *distribution system* under which each such person and the *IESO* agree to perform and observe the *market rules* so far as they are applicable with respect obligations for provision of data for centralized forecasting as described in Chapter 4, Section 7 ~~to each such person and the IESO as provided for in the market rules, their respective licences and applicable law-~~

#### **In the Matter of Outage Notification (Chapter 4, Section 7.7.2.2)**

The rule amendment proposed for Section 7.7.2.2, together with the definition proposed for *variable generation* would mean, for example, that upon the outage of one 500 kW Inverter in a 9 MW Solar PV plant or a 1.5 MW wind turbine in a 9 MW Wind GS plant, the generator has to notify the IESO about such an outage no later than the next day. As explained below, this would result in inefficiencies and an inequitable burden on the distributed generators and the Non Market Participants.

#### **Background**

With respect to obligation to notify the IESO about outages, the existing Section 7.7.7.2 of Chapter 4 of

### PART 3 – COMMENTS ON RULE AMENDMENT

Market Rules (before the proposed rule amendment) is worded as follows:

7.7.2.2 [the generator shall notify the IESO] no later than the next day following the day on which the *outage* or defect is discovered, in the case of equipment relating to *significant generation facilities*, and *significant dispatchable load facilities*, and *facilities* to which the medium performance information monitoring standard applies pursuant to Appendices 4.19 to 4.23.

Penn Energy staff is aware that the word “*significant*” in front of both “*generation facilities*” and “*dispatchable load facilities*” above was judiciously incorporated in the existing Section 7.7.2.2 for the sake of efficiency and to reduce burden on Market Participants that have relatively smaller facilities (less than 20 MVA). Thus, when the existing Section 7.7.2.2 is read in concert with the definitions in Chapter 11 for the terms “*significant generation facilities*” and “*significant dispatchable load facilities*”, the relatively small generators less than 20 MVA and dispatchable load less than 20 MVA are absolved of the obligation of having to notify the IESO about outages by the next day.

#### Discussion

As TP members are aware, most small variable generating plants connected to the distribution system are unmanned. Thus, a typical wind and solar facility up to about 15 or 20 MW is likely to be fully automated and there will not be anyone sitting at a desk or on a computer doing any real-time operations related to such a plant. Indeed, even for the periodic repair and maintenance visits by the technicians (e.g. for the manufacturer to service the 500 kW Inverter or a 1.5 MW wind turbine), the technician will not be expected to work on or to make any changes to SCADA or computer consoles dealing with overall operation of the plant.

The proposed rule amendment for Section 7.7.2.2 would result in a situation where the word “*significant*” is attached to the terms “*generating facilities*” and “*dispatchable load facilities*” that are Market Participants, but this word (i.e. “*significant*”) would **not** be attached in front of the new term “*variable generation*”. Thus, for example, if this rule amendment were not modified, a 9 MW Solar PV Plant would be obliged to notify the IESO within a day about the outage of a 500 kW Inverter while a plant comprising a 19.9 MVA gas-fired or hydroelectric generator would **not** need to notify the IESO when its whole unit goes out of service due to a forced outage. When viewed from the perspective of distribution connected *variable generation*, the proposed rule amendment results in inequitable treatment and it also results in inefficiencies created by the requirement for distribution connected generators to add resources to manage day to day operations so as to have someone available to report (minor) outages to the IESO.

Penn Energy reiterates that it fully supports the notion that *variable generation* above 5 MW should submit forecasting data to the IESO; our discomfort, on behalf of all distribution connected generation, is with having to notify (within one day) IESO about the forced outage in a relatively small *variable generation* plant, especially since the IESO has not shown any cost-benefit analysis as to why such notification is required for all *variable generation* above 5 MW even while it is not required for

**PART 3 – COMMENTS ON RULE AMENDMENT**

market-participating generation and dispatchable load less than 20 MVA.

Given that mechanical outages for wind and solar plants are unlikely to be more frequent than those, for example, for gas-fired plants and even for many hydroelectric plants, and since there is no justification shown for having outage notification for small variable generation less than 20 MVA, we recommend that the proposed rule amendment for Section 7.7.2.2 should also include the word “*significant*” in front of the “*variable generation*”, as follows. (Note: Original rule amendment proposal shown in red, Penn Energy’s proposed change shown in underlined blue).

7.7.2.2 [the generator shall notify the IESO] no later than the next day following the day on which the *outage* or defect is discovered, in the case of equipment relating to *significant generation facilities*, and *significant dispatchable load facilities*, *significant variable generation*, and *facilities* to which the medium performance information monitoring standard applies pursuant to Appendices 4.19 to 4.23.

Based on above, a new definition will be required in Chapter 11 for the term “*significant variable generation*”, similar to the existing definitions for the terms “*significant generation facilities*” and “*significant dispatchable load facilities*”. The proposed definition is provided below:

*significant variable generation means variable generation that includes a generation unit that is rated at 20 MVA or higher but less than 100 MVA; that comprises generation units the ratings of which in the aggregate equals or exceeds 20 MVA but is less than 100 MVA; or that is re-classified as a significant generation facility pursuant to section 1.5.1 or 1.5.2 of Appendix 2.2 of Chapter 2 or section 7.8.1 or 7.8.2 of Chapter 4.*

On behalf of distributed generators that are Non Market Participants, Penn Energy wishes to thank the TP members for their kind consideration in this matter.

**PART 4 – EXTERNAL CONSULTATION MEETING**

If you believe that a special meeting of stakeholders would be necessary/desirable to discuss the issues raised by the rule amendment, please complete the following information:

External Stakeholdering meeting necessary/desirable (please indicate with x):

Reason(s) why you believe a meeting is necessary/desirable:

Penn Energy believes that the Technical Panel can deal with this issue to the satisfaction of all parties. Therefore, we do NOT believe that a special meeting of stakeholders is necessary to discuss this matter.