

### **I. Introduction**

#### Background

The Day-Ahead Commitment Process (DACP) provides a mechanism to promote power system reliability by allowing internal resources and imports to be committed in the day-ahead time frame.

There are a number of specific issues that need to be addressed in increasing reliability in the short term and these are being addressed through stakeholder plans for DACP, Emergency Load Response and Dispatch Issues which can be found at <http://www.ieso.ca/imoweb/consult/activeComplete.asp>

One issue that impacts interties transactions is the need to allow imports to be scheduled day-ahead in order to address chronic transaction failures near real time that leave insufficient time to respond reliably. This initiative in conjunction with real time transaction failures will be considered jointly under this stakeholder plan.

The design of the day-ahead commitment processes and real time transaction failure process will take into consideration the following context:

- The need to design and implement these measures with a view to minimizing costs and changes to market participant business processes and systems;
- The need to design and implement these measures with consideration to the impacts on market clearing prices and uplift; and
- The need to design and implement these measures by the summer of 2006.

#### Situation

An Intertie Transactions Failures Working Group was created in early 2005 to provide advice to the Market Assessment and Compliance Division (MACD) on the usefulness of the existing guidelines in reducing intertie transaction failures and to assist in revising the guidelines and relevant market manuals.

In November 2005, a report titled Intertie Transactions Failures Guidelines was produced. This report summarizes MACD's key findings. The conclusions of the report take into consideration the initiatives to improve reliability in preparation for summer 2006. The report conclusions have short and longer term proposed changes, and it is the longer term proposal that requires further stakeholder involvement.

The report can be found at:

[http://www.ieso.ca/imoweb/pubs/consult/intertieTrading/itfwg\\_2005nov23\\_Report.pdf](http://www.ieso.ca/imoweb/pubs/consult/intertieTrading/itfwg_2005nov23_Report.pdf)

The longer term change is to no longer treat transaction failures as a compliance matter, except where there appears to be egregious behaviour. Rather, as part of the settlement process, a market participant would compensate the market for transaction failures that are deemed to be under the market participant's control through a failure charge formula. This would require a rule change to the formula-

based penalty and addition of the new settlement formula and reallocation of funds collected under the settlement formula.

The longer term solution outlined above will involve members of the previously established Day Ahead Working Group (under Stakeholder Engagement Plan SE-7) and the Intertie Failure Working Group.

## **II. Stakeholders**

While electricity reliability is of interest to all stakeholders, the IESO market participants active in importing and exporting energy are directly impacted by interties transaction failures. The focus of this plan will be with the wholesale market participants active in importing and exporting and affected supply and load sectors.

## **III. Stakeholder Engagement Goals and Objectives**

### Goal

The goal of the stakeholder engagement program is to provide effected stakeholders with the opportunity to work with the IESO in determining how best the market rule change should be implemented.

### Objectives

1. To provide stakeholders the opportunity to identify to the IESO areas of concern on how the market rule change effects their business;
2. To provide stakeholders with the opportunity to provide suggestions on how best the market rule be implemented;
3. To ensure that proposed solutions minimize adverse affects on market participant operations and processes to the extent possible; and,
4. To create process and procedures to allow implementation as soon as possible with a latest date of June 2006.

## **IV. Stakeholder Engagement Approach and Methods**

The stakeholder engagement approach proposed involves a combination of stakeholder feedback and consultation including a Working Group and web-based postings with the opportunity for comment.

The Working Group will afford the opportunity for interested participants to provide the IESO with timely advice on how this market rule change impacts their business and suggestions to minimize the impacts.

Members of both the Day Ahead and Intertie Failure working group were previously selected and form the new working group for the settlement process. Web-based postings will provide all interested stakeholders with an efficient lower cost method to be informed of the process and provide feedback on proposed measures via e-mail.

The market rule amendments to be considered with the Technical Panel will follow the Market Rule amendment process, found at: [http://www.ieso.ca/imoweb/amendments/mr\\_Amendments.asp](http://www.ieso.ca/imoweb/amendments/mr_Amendments.asp)

All stakeholder input will be considered prior to finalizing the implementation of the market rule change. The proposed measures will also be provided to the Stakeholder Advisory Committee, providing all stakeholder sectors with the opportunity to communicate their views and positions on proposed dispatch measures directly to the IESO Executive/Board of Directors in advance of IESO Board approvals. Final decisions will be posted along with how we used stakeholder input and the rationale for our decisions.

## V. Decision Making Steps and Schedule of Activities

Stakeholder Engagement Schedule	
Activity	Target Date
1. Working Group to discuss formula development of settlement process for Day-Ahead failed imports and real-time transaction failures. Working Group members will be presented with a draft of this stakeholder plan SE-14.	Completed November 23, 2005
2. Posting of draft stakeholder engagement plan. Final Plan posted Feb 2, 2006: <a href="http://www.ieso.ca/imoweb/consult/consult_se14.asp">http://www.ieso.ca/imoweb/consult/consult_se14.asp</a>	Completed December 1, 2005
3. Technical Panel first review real-time transaction failure charges. See MR-00308 posted at: <a href="http://www.ieso.ca/imoweb/amendments/mr_Amendments.asp">http://www.ieso.ca/imoweb/amendments/mr_Amendments.asp</a>	Completed December 13
4. Working Group members and Intertie Traders Subcommittee to provide feedback to <a href="mailto:stakeholder.engagement@ieso.ca">stakeholder.engagement@ieso.ca</a> on all issued material which will include any additional or new comments on the failure charge formula.	Completed December 16, 2005
5. Posting of all comments and final stakeholder plan. Posted at: <a href="http://www.ieso.ca/imoweb/consult/consult_se14.asp">http://www.ieso.ca/imoweb/consult/consult_se14.asp</a>	Completed December 21, 2005
6. Intertie Trading Standing Committee meeting. See: <a href="http://www.ieso.ca/imoweb/consult/intertieTrading_sub.asp">http://www.ieso.ca/imoweb/consult/intertieTrading_sub.asp</a>	Completed January 10, 2006
7. Technical Panel meeting to consider market rule amendments to implement real-time transaction failure charges. See MR-00308 posted at: <a href="http://www.ieso.ca/imoweb/amendments/mr_Amendments.asp">http://www.ieso.ca/imoweb/amendments/mr_Amendments.asp</a>	Completed January 11, 2006
8. Post information for potential inclusion in Stakeholder Advisory Committee meeting on February 2, 2006. Posted at: <a href="http://www.ieso.ca/imoweb/consult/stakeholder_ac_meetings.asp">http://www.ieso.ca/imoweb/consult/stakeholder_ac_meetings.asp</a>	Completed January 19, 2006
9. Stakeholder Advisory Committee Meeting to gather input and advice for the IESO Board of Directors. Posted at: <a href="http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20060123-minutes.pdf">http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20060123-minutes.pdf</a>	Completed January 23, 2006
10. Technical Panel to recommend Market Rule changes needed to implement real-time transaction failure charges. . See MR-00308 posted at: <a href="http://www.ieso.ca/imoweb/amendments/mr_Amendments.asp">http://www.ieso.ca/imoweb/amendments/mr_Amendments.asp</a>	Completed January 24, 2006

<b>Stakeholder Engagement Schedule</b>	
<b>Activity</b>	<b>Target Date</b>
11. IESO Board of Directors' consideration of Technical Panel recommendations on market rule amendment. <a href="http://www.ieso.ca/imoweb/pubs/mr2006/MR_00308-R00-R04-BA.pdf">http://www.ieso.ca/imoweb/pubs/mr2006/MR_00308-R00-R04-BA.pdf</a>	Completed February 3, 2006
12. Conference call to discuss Real-Time Inertie Failure Adjustment Factors: <a href="http://www.ieso.ca/imoweb/consult/consult_se14.asp">http://www.ieso.ca/imoweb/consult/consult_se14.asp</a>	Completed March 10, 2006
13. Deadline for comments on IESO's proposal, Page 17 of presentation of March 10.	Completed March 31, 2006
14. Deadline for stakeholder review on draft amend MR-00319. "Interim Reporting of Real-Time Inertie Transaction Failure Charges on Preliminary Settlement Statements."	April 27, 2006
15. Posting of IESO response to Stakeholder comments.	May 1, 2006
16. Web pages available for Bias factor.	May 1, 2006
17. Webcast/conference call to discuss bias adjustment.	May 4, 2006
18. Implementation date: all aspects of the real time failure charge will be targeted for June 1 on the hopes that the implementation of both DACP and RTFC may be possible.	June 1, 2006

This is a public consultation and information supplied by stakeholders will be posted on the IESO website including identification of the participant.