

Revision 1, December 13, 2007 – changes made based on stakeholder feedback.

Revision 2, February 27, 2008 – Schedule updated in Section V.

Revision 3, June 5, 2008 – Schedule updated in Section V.

## **I. Introduction**

### Background

A wheeling through transaction is a simultaneous import of energy into Ontario and export of energy from Ontario by a market participant (i.e. the market participant moves energy from one jurisdiction, through the Ontario grid and into another jurisdiction).

A linked wheeling through transaction provides a means for a market participant to move energy through Ontario and ensure that the import energy is not diverted from the market participant's intended customer in the export market. This provides protection to the market participant against exposure to the Ontario uniform market price but it does not eliminate the congestion risk that all intertie transactions face. When congestion is not present, the import leg is paid at the same Ontario price as the export leg is priced, and as long as the import and export leg quantities are the same, the market participant has no net exposure to the Ontario price.

To effect a linked wheeling through transaction, the market participant is required under the market rules to:

- Submit an import offer, priced at -MMCP (negative maximum market clearing price which is -\$2000/MW), and an export bid, priced at +MMCP (positive maximum market clearing price of +\$2000/MW); and
- Identify the import and export as linked.

For more details including the history of implied and linked wheels, please see [Technical Panel covering memo October 12, 2007 MR- 00338 - Q00](#) and November 2<sup>nd</sup> ([http://www.ieso.ca/imoweb/pubs/tp2007/tp207-2a\\_MR-00338-Q00\\_Cover\\_Memo.pdf](http://www.ieso.ca/imoweb/pubs/tp2007/tp207-2a_MR-00338-Q00_Cover_Memo.pdf))

### Issue

The current requirements expose market participants performing these transactions to a potential \$4000/MWh of financial risk at the interties.

At its meeting on September 26, 2007, the Intertie Trading Standing Committee reviewed and discussed this issue and the members were in agreement that the current linked wheeling arrangements should be changed. The presentations at the September 26 meeting can be found at:

<http://www.ieso.ca/imowebpub/200709/intertieTrading-20070926-Item4a.pdf> and  
<http://www.ieso.ca/imowebpub/200709/intertieTrading-20070926-Item4b.pdf>.

The Committee agreed to investigate interim solutions (i.e. bids and offers less than the current MMCP) with an implementation date as soon as possible, along with permanent solutions. This investigation would include solutions described in the amendment submission MR-00338-Q00 submitted by a market participant.

The Intertie Trading Standing Committee will be the main stakeholder group with respect to discussion and determination of an interim solution. The Intertie Trading Standing Committee will also provide input on permanent solutions. Any permanent solutions requiring market rule changes will follow the market amendment process involving the Technical Panel.

### Steps Taken to Date

Market rule amendment MR- 00338 has been submitted by one market participant to address their concerns for a more economical dispatch for linked transactions. The issue has been presented and discussed at the October 16th, 2007 Technical Panel meeting and again at the November 6th meeting.

The revised amendment submission showing a medium priority<sup>1</sup> can be found at:  
<http://www.ieso.ca/imoweb/pubs/mr2007/MR-00338-Q00.pdf>

## **II. Stakeholders**

Market participants who perform linked wheels or would like to perform them are directly impacted by this issue.

Any type of linked wheel has the potential to impact HOEP, hourly uplifts, as well as overall market efficiencies, so all participants and consumers may be impacted. For a description of how the market may be impacted, please see pages 2 and 3 of the November 2nd TP Memo:

[http://www.ieso.ca/imoweb/pubs/tp2007/tp207-2a\\_MR-00338-Q00\\_Cover\\_Memo.pdf](http://www.ieso.ca/imoweb/pubs/tp2007/tp207-2a_MR-00338-Q00_Cover_Memo.pdf)

This stakeholder initiative is open to any other stakeholders who may wish to comment on the proposal.

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

### Goals

The goal of this stakeholder plan is to gather stakeholder feedback on the issue and to present it to the Technical Panel for recommendations to the IESO Board.

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<sup>1</sup> The Technical Panel has assigned a medium priority based on the following:

a.. Pervasiveness: The changes suggested by the amendment submission would directly benefit a small number of participants: traders who do linked wheels or traders who would like to do linked wheels. Linked wheels can impact other market participants and overall market efficiencies; however it is unclear whether the net impacts are positive or negative. In addition, the IESO has no reliability concerns with the existing treatment of linked wheels.

b. Alternative Solutions: the IESO and the Intertie Trading Standing Committee is investigating whether there is a mutually acceptable interim solution that would further mitigate market participant's risks. Furthermore, there are existing market mechanisms that mitigate to some extent participant's congestion price risk, for example transmission rights and implied wheels.

## Objectives

1. To provide feedback to the IESO on how stakeholders are impacted by this issue and possible interim or long-term changes.

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

The implementation of this stakeholder engagement plan will be in accordance with the IESO's approved [stakeholder engagement principles](#). The stakeholder plan will be subject to review and update as the process evolves and stakeholder comments are incorporated, and as revisions are warranted.

The stakeholder engagement approach will be consultation — seeking input from the [Intertie Trading Standing Committee](#) as well as written feedback from any stakeholder.

Web-based postings provide all interested stakeholders with an efficient low-cost method to be informed of the issue and suggestions from stakeholders, with the opportunity to communicate their views via e-mail to the IESO ([stakeholder.engagement@ieso.ca](mailto:stakeholder.engagement@ieso.ca)). All stakeholder input, including dissenting views, will be posted on the IESO website.

All feedback from stakeholders will be considered prior to any management decision. This stakeholder plan provides all stakeholders with the opportunity to communicate their views and positions directly to the IESO in advance of any recommendation to move forward with a market rule amendment.

## **V. Decision Making Process**

<b>Stakeholder Engagement Schedule</b>	
<b>Activity</b>	<b>Target Date</b>
1. Post and Communicate stakeholder plan.	Completed November 15, 2007
2. Closing date for stakeholder written submissions on stakeholder plan.	Completed November 29, 2007
3. Post IESO response to stakeholder written comments and revised stakeholder plan.	Completed December 13, 2007
4. Intertie Trading Standing Committee meetings to discuss issue and interim solutions.	November 2007 through March 2008
5. Posting proposed design elements & issues paper.	May 30, 2008
6. Due date for stakeholder feedback on proposal.	June 30, 2008
7. IESO reports to Technical Panel with more information on the proposed changes for the permanent solution and on proposed timeline.	October 2007 through September 2008
8. A. Update plan based on Q2 2008 Technical Panel meeting on permanent solution B. Update plan based on implementation of interim solutions.	Q2, 2008
9. IESO Board meeting for approval of market rule amendments.	TBD

<b>Stakeholder Engagement Schedule</b>	
<b>Activity</b>	<b>Target Date</b>
10. Posting of IESO Board Decision.	TBD