

Stakeholder Engagement Plan SE-55

Revise Non-Compliance Level Descriptions and Incorporate Compliance Sanctioning Guidelines Framework



Revision 1: April 28, 2008: Sections I and II updated to incorporate additional changes.

I. Introduction

The IESO is seeking to amend the enforcement market rules to incorporate additional sanctioning guidelines into the market rules, **re-write the non-compliance level descriptions to add clarity and add an additional factor to be considered by the IESO when determining the amount of a financial penalty (Chapter 3 Section 6)**. The additional sanctioning guidelines would include the framework to be used by the IESO to establish a financial penalty greater than the level penalty amounts prescribed in section 6.6.6 but less than \$1 million.

Background

In November 2006, the IESO Board approved MR-00284 – Include Reliability Impact as Criterion for determining Financial Penalties. The amendments ensure that breaches of the market rules that have an impact on reliability are treated equally with breaches that have an impact on market operations. Furthermore, the introduction into the rules of a maximum financial penalty (\$1 million) addressed stakeholder concerns regarding the previous unlimited liability facing market participants for breaches of the market rules¹.

On December 11, 2006, Hydro One filed an application with the OEB under subsection 33(4) of the *Electricity Act, 1998* for a review of market rule amendment MR-00284. The IESO and Hydro One agreed to settle the application and outlined the terms of the settlement in a letter of understanding dated January 11, 2007. MACD addressed the objectives stated in the letter of understanding by establishing a stakeholder forum to consult on the development of the sanctioning guidelines. As of June 20, 2007, the sanctioning guidelines were effective and were published².

The second step to address this issue is for the IESO to introduce market rule amendments which would incorporate the main elements of the sanctioning guidelines. The IESO committed to bring such amendments forward within the 12 months following the letter of understanding. There was agreement that the published sanctioning guidelines would be applied by the IESO until the market rule amendments were approved.

At the November 27, 2007, Technical Panel meeting, the Panel agreed with the IESO that MR-00341 should also include a rewrite to the non-compliance level descriptions in section 6.6.3 of Chapter 3. This would increase clarity and transparency on how the IESO determines non-compliance levels. The IESO

¹ For more information on MR-00284, please visit the amendment archive page (<http://www.ieso.ca/imoweb/amendments/amendArchive.asp>)

² The guidelines are available on the IESO public web-site at the following link: <http://www.ieso.ca/imoweb/pubs/consult/se34/se34-20070620-Sanctioning-Guidelines.pdf>

is also proposing adding voluntary repayment by the market participant as a separate consideration factor in section 6.6.7. This factor is currently considered as an action in factor 6.6.7.5 (an action of the market participant on becoming aware of the breach). However, for transparency, the IESO proposes adding voluntary repayment by the market participant as a separate consideration factor because the IESO already does look at this action specifically when determining penalty amounts.

More information on the proposed market rule amendment ([MR-00341](#)) can be found on the Current Market Rules Amendments page.

The IESO has not yet applied the published sanctioning guidelines as there have been no circumstances occurring to warrant their application.

II. Stakeholders

These discussions will be of interest to all market participants.

III. Stakeholder Engagement Goals and Objectives

Goal

The goal of the stakeholder engagement plan is to gather stakeholder feedback on the proposed market rule amendment.

Objectives

1. Collect stakeholder feedback through the Technical Panel on the proposed market rule amendment.

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 updated as the process evolves and stakeholder comments are incorporated, and as revisions are warranted.

The stakeholder engagements approach will be feedback with request for stakeholder review and written feedback.

The Technical Panel would be the main stakeholder consultation body for this initiative. The Technical Panel has the authority to recommend market rules to the IESO Board and this market rule change will follow the rule amendment process and the stakeholder consultation processes associated within the market rule amendment process. This includes the opportunity for web posting of rule proposals and requests for stakeholder review and input. Stakeholders have the opportunity to contact their Technical Panel representative directly. Contact information can be found at:

<http://www.ieso.ca/imoweb/governance/TechPanelMembers.asp>.

Web-Based Postings

Web-based posting will provide all stakeholders with an efficient lower cost method to be informed of the process and provide feedback. This will provide the opportunity for all interested stakeholders to offer feedback on any proposed changes.

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

Market Manuals

The applicable market manuals will be revised as a result of the market rule changes. The consultation process for those changes will follow the market manuals change process described in the [IESO Stakeholder Engagement Process](#) document.

V. Decision Making Steps and Schedule of Activities

Stakeholder Engagement Schedule	
Activity	Target Date
1. Technical Panel briefing and discussion of issues.	Completed November 27, 2007
2. Post and Communicate draft stakeholder plan.	November 29, 2007
3. Closing date for stakeholder written submissions on stakeholder plan.	December 13, 2007
4. Post IESO response to stakeholder written comments on stakeholder plan.	December 19, 2007
5. Technical Panel meetings to consider market rule amendment and recommendation to IESO Board. Publish draft amendment proposal for stakeholder review and comment.	Q1 –Q2 2008
6. IESO Board meeting for approval of market rule amendments.	Q2 –Q3 2008
7. Posting of IESO Board Decision.	Q3 2008
8. Market Manual changes.	To be determined