

Highlight of Upcoming Settlement Changes

CRSC Presentation

July 12, 2004

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- CMSC Payments Associated with Negative Offer Prices
- Administrative Pricing Event
- Transitional Demand Response Program
- Special Protection Systems (SPS)
- New MTR Update Report for Retrieving MTR data via XML
- Generation Cost Guarantee

CMSC Payments Associated with Negative Offer Prices

Who are affected by this MR:

- Ontario Generators and Imports that have submitted **negative priced offers**
- Purpose: Limit CMSC *settlement amounts* for Ontario Generators and Imports that have submitted **negative priced offers** such that the CMSC *settlement amounts* are determined on the basis of an offer price that is the lesser of 0.00 \$/MWh and the 5 min *energy market price* (to be referred to as the "Lower Limit" value.)
- In the Settlement Statement file, the "Price 2" field (Column 13) of the detailed record for charge type 105 (CMSC) will be populated with the "**Lower Limit**" value, or will be blank (null) otherwise.

CMSC Payments Associated with Negative Offer Prices (cont'd)

- Implementation Date: on the *trading date* of September 1, 2004

- References:
 - Release Calendar: Release Plan 12.0
 - http://www.theimo.com/imoweb/it_changes/releaseCalendar.asp
 - MR, Chapter 9, sections 3.5.6 and 3.5.7
 - IMO Charge types and Equations
 - Format Specifications for Settlement Statement Files and Data Files
 - Market Manual 5.5 Physical Markets Settlements Statements

Administrative Pricing Event

- What was changed from the previous Market Rule:
 - Combining copying forward and copying backward of “good prices”, provided that neither the next good interval nor the last good interval is used for more than 24 dispatch intervals (the combined total can be up to **48** dispatch intervals)
 - If the time extends beyond **48** dispatch intervals (i.e., more than four hours), an hourly average is used.

- What was changed from Settlements perspective:
 - Materiality limits are added to prevent small requests
 - The names for Charge types 113 and 163 are changed to cover different additional compensations during Administrative Pricing Events (the charge will still be used for market suspension events)

Administrative Pricing Event (cont'd)

- Implementation Date: July 26, 2004
- References:
 - For details reference:
 - Change Notification Listing:
<http://www.theimo.com/imoweb/changes/changeNoticeList.asp>
 - Current Market Rule Amendments: (MR-00253 - Review of Administered Pricing)
http://www.theimo.com/imoweb/amendments/mr_Amendments.asp
 - Changes in Name of Charge Codes
 - From
 - 113 Market Suspension Additional Compensation Settlement Credit
 - 163 Market Suspension Additional Compensation Settlement Debit
 - To
 - 113 Additional Compensation for Administrative Pricing Credit
 - 163 Additional Compensation for Administrative Pricing Debit

Transitional Demand Response Program (TDRP)

- The Transitional Demand Response Program (TDRP) is a temporary program that is designed to “kick start” demand responsiveness in Ontario. All market participants (with the exception of dispatchable loads) are eligible to apply to participate in this program
- Demand response, when electricity consumers reduce their use in response to wholesale spot prices (i.e. the price of electricity in real time), is a win-win for both the Ontario market and for the companies that participate. Companies who manage their electricity costs by responding to spot prices increase system reliability and reduce price volatility.
- The IMO has identified four barriers that prevent companies in the Ontario market from being responsive to wholesale market price signals:
 - A lack of corporate awareness of or interest in the benefits of demand response
 - The ability for a company, because of current rules and regulations, to have their demand response valued at the wholesale spot price
 - A lack of infrastructure (e.g. interval meters)
 - Uncertainty of return on financial investment

Transitional Demand Response Program (cont'd)

- To assist in overcoming these barriers, the IMO will be launching a temporary program under which participating companies would receive payments for actual demand reductions in response to a wholesale market price signal..
- Companies may use this money for such things as capital investments (e.g. purchasing an interval meter or computer software) and to offset the initial financial risk that they may be taking.
- This program is time-limited and the goal would be that companies will continue to be responsive to the spot price even after the payments from the IMO stop.
- The TDRP is targeting 100 MW in demand response – enough to power a city the size of Peterborough or Kingston.
- The IMO is working to have this program in place by fall of 2004.

Transitional Demand Response Program (cont'd)

- The IMO Board has authorized staff to proceed with the TDRP but has asked to be advised of the nature of applications that are received through the first round of applications prior to any final selection.
- The IMO has posted for comments a draft market manual which outlines how the program will be conducted. The draft procedure and its associated forms can be viewed on the IMO public website at:
<http://www.theimo.com/imoweb/changes/changeNoticeList.asp>
- Market Rule Amendments MR-00256 associated with TDRP can be viewed at:
http://www.theimo.com/imoweb/amendments/mr_Amendments.asp
- Addition of 2 new Charge Codes:
 - 134 Demand Response Credit, Monthly MLI, GST applicable
 - 184 Demand Response Debit, Monthly MPU, GST applicable

Special Protection Systems (SPS)

- Special Protection Systems (SPSs) are designed and intended to:
 - increase the capability of power transfers across the IMO-controlled grid; or
 - provide additional security for the IMO-controlled grid beyond that required for normal criteria contingencies.
- SPSs have been installed historically on the IMO-controlled grid to automatically initiate one or more of the following control actions
 - Generation rejection
 - Generation runback
 - Load rejection
 - Shunt capacitor switching
 - Shunt reactor switching
 - Cross-tripping
- SPSs are used to increase the pre-contingency power transfer capability of the IMO-controlled grid by improving post-contingency IMO-controlled grid performance. In doing so they also increase the efficiency of the Ontario market in that by enhancing transmission capability, they reduce congestion and the resultant CMSC payments to both generators and loads under the current pricing regime.

Special Protection Systems (cont'd)

- Amendments to the market rules regarding Special Protection Systems (SPSs) are proposed to address operational and compensation issues raised by market participants. These amendments would:
 - Require the IMO to consult with and, where practicable, gain the agreement of the market participant whose facility is part of an SPS regarding changes to the dispatch criteria for that SPS;
 - Allow a market participant whose facility is part of an SPS to reject the request for SPS arming if the SPS arming and subsequent activation would endanger the safety of any person, damage equipment or violate any applicable law;
 - Require the SPS owner/operator and market participant whose facility is part of an SPS to agree on the method of market participant notification of SPS arming and activation;
 - Require a market participant whose facility is part of an SPS to inform the IMO if the facility is unavailable for SPS arming; and
 - Allow a market participant whose dispatchable load or non-quick start dispatchable generation facility is part of an SPS to claim and receive compensation in the event that the facility is tripped off as the result of an SPS activation.
- These amendments would allow market participants to better manage the risks associated with their facilities being part of an SPS.

Special Protection Systems (cont'd)

- Compensation would be provided to market participant that have facilities that are part of an SPS and are tripped off by the activation of SPSs. The compensation shall be the equivalent of two-hours of constrained-off CMSC payments, and would be allowed only as long as constrained off CMSC payments continue in the IMO-administered markets.
- the above compensation would apply to non-quick start facilities that are either part of new or legacy SPS systems; and
- only dispatchable resources would be eligible for the above compensation to ensure that the compensation would be transparent to the marketplace, as it would be based on the bids and offers of the facility.
- Market participants would submit a claim for compensation on or before the 10th business day of the month following the occurrence of an SPS activation. The IMO would verify the compensation claim amount and, if correct, apply the compensation amount to the preliminary settlement statement for the last day of the month in which the submission was received.
- The IMO has posted the proposed Market Rule Amendment (MR-00247). The draft proposal can be viewed on the IMO public website at:
http://www.theimo.com/imoweb/amendments/mr_Amendments.asp
- Addition of 2 new Charge Codes:
 - 410 IMO –Controlled Grid Special Operations Credit, Monthly MLI, GST applicable
 - 460 IMO –Controlled Grid Special Operations Debit, Monthly MPU, GST applicable

New MTR Update Report for Retrieving MTR data via XML

- Initiated as a results of a Participant Issue Log entry # 206: MTR & NoD data extraction via XML
- Issue was reviewed and endorsed by the MTR working group (with MSP and MMP representatives from RMSC)
- Initial focus will be to provide a daily MTR data extractions as an XML document called “MTR Update Report “
- Integrated as part of the Outbound Report Management System (ORMS)
 - New Web-based interface to retrieve both public and market participant private automated xml reports
 - Reports can be retrieved interactively via internet browser or by programmatic access.
 - References:
 - IT Standing Committee web pages: http://www.theimo.com/imoweb/consult/it_sc.asp
 - Technical Interface web pages: <http://www.theimo.com/imoweb/ti/techinterface.asp>
 - Quick Take on Retrieving Reports via New IMO Web Pages: http://www.theimo.com/imoweb/pubs/training/QT15_RetrievingReports.pdf
- A description will be issued shortly to both CRSC and RMSC for stakeholder comments. Examples of how to import the XML report into MS Excel 2003 and MS Access 2003 will be included.
- Implementation date: September 2004 (Maybe subject to availability of ORMS version 2.0)
- Access to MTR data via ORMS will be limited to only qualified users who request the MTR Update Report..

Generation Cost Guarantee (MR-00260-R00)

- Market Rule Amendment
 - Revised definition of Minimum Run-Time to be the time from generation facility synchronization to when it reaches its minimum loading point and the time the facility needs to operate at its minimum loading point.
- Who are affected by this MR?
 - Generators that participates the Generation Cost Guarantee program (also known as “Spare Generation On-Line (SGOL)).
- Purpose
 - The change would facilitate the automation of the IMO administration of this element of the wholesale electricity market and result in improved market administration efficiency

Generation Cost Guarantee (MR-00260-R00)

- Implementation Date: on the trading date of October 6, 2004
- References
 - http://www.theimo.com/imoweb/pubs/mr/mr_00260-R00-BA.pdf