



## 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 to the following:

Email Address: [Rule.Amendments@ieso.ca](mailto:Rule.Amendments@ieso.ca)  
**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: TransCanada Energy Ltd.

(if applicable) *Market Participant / Metering Service Provider* No.<sup>1</sup>: 104358

*Market Participant Class:*  
Generator

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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-00425-R00 (RT-GCG Cost Recovery Framework)

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:** March 2, 2017

<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.

In addition to the comments filed by APPrO, which are supported by TransCanada Energy Ltd. (TCE), please find TCE's supplemental comments on MRA-00425-R00 below:

1) PART 3 – EXPLANATION FOR THE PROPOSED AMENDMENT

- a) In the Summary section it should be clearly stated that in addition to attempting to increase transparency of eligible costs and minimizing the scope and frequency of audits under the RT-GCG Program, the new rules are also modifying the Program's cost recovery structure from 'actual costs incurred' and limiting it to recovery of 'wear and tear' during start-up and up to MLP. TCE believes that the IESO's intentions underlying this market rule amendment should be clear and transparent to all market participants and therefore, TCE suggests the following:

**Summary**

The IESO proposes to amend the market rules to enable a new cost recovery framework for the real-time generation cost guarantee (RT-GCG) program. The market rule changes are expected to increase the transparency of costs eligible to be submitted by market participants for recovery under the program, as well as reduce the scope and frequency of audits and modify cost recovery from 'actual costs incurred' and limiting recovery to the 'wear and tear' during start-up to minimum loading point, thus reducing the eligible costs under the program.

- b) The Discussion section should also reflect the Program's change from allowing cost recovery based on 'actual costs incurred' to only those costs associated with the 'wear and tear' during start-up and up to MLP. Additionally, although TCE questions the technical basis and reasonableness of the methodologies that the IESO has developed to calculate the portion of the incremental costs eligible for recovery, the Discussion section should also reference the IESO's proposed methodologies. As such, consistent with the IESO's objective of increasing transparency with the Program, TCE suggests the following:

**Discussion**

The objective of this amendment is to establish a transparent cost recovery mechanism that reduces the scope and frequency of audits related to the RT-GCG program and modify cost recovery from 'actual costs incurred' to recovery only for the portion associated with the 'wear and tear' during the start-up to minimum loading point. Through stakeholder engagement and consulting with independent industry experts, the IESO has determined that the objective will be achieved by implementing either universal or facility-specific, pre-approved cost values and methodologies in order to calculate the incremental costs eligible for recovery under the RT-GCG program. In determining the facility-specific pre-approved cost values for the incremental operating and maintenance costs, the IESO has developed two methodologies in order to calculate the portion of the incremental costs eligible for recovery that results from the 'wear and tear' under the RT-GCG program.

### PART 3 – COMMENTS ON RULE AMENDMENT

#### 2) PART 4 – PROPOSED AMENDMENT

##### a) CHAPTER 7, SECTION 2.2B.2

For clarification as to what costs the IESO may or may not recover retroactively, TCE suggests the following:

The IESO may, at any time, audit the data submitted in accordance with section 2.2B.1.4 ~~if the market participant receives a generation cost guarantee payment pursuant to section 4.7B.3 of Chapter 9 on the basis of that data~~, and the *registered market participant* shall provide the requested audit information in the time and manner specified by the *IESO*. If, as a result of such an audit, the IESO determines that the ~~actual costs differed from the~~ audit information provided does not support the submitted data, including, without limitation, that the *IESO* does not accept the data as reasonable, the IESO shall recover any resulting over-payments made to the market participant. Notwithstanding the foregoing, where the registered market participant has submitted data in accordance with this section 2.2B and sections 10A.1 and 11.2.1 of Chapter 1, the IESO shall not retroactively revise pre-approved cost values determined in accordance with section 2.2B.5 when calculating any amount to be recovered from that registered market participant.

##### b) CHAPTER 7, SECTION 2.2B.5 (SUBMITTED ELIGIBLE COSTS)

TCE disagrees with any pre-approved costs or methodologies that are arbitrarily set by the IESO and believes that, at a minimum, any determination by the IESO should be reasonable and technically sound. As such, the IESO should outline the specific process under the market rules for market participants to properly and expeditiously resolve any disputes respecting any pre-approved cost values and methodologies determined by the IESO pursuant to this section.

On the first point above, TCE suggests the following:

Subject to section 2.2B.6, for each cost specified in section 2.2B.4, the IESO shall determine reasonable and technically sound pre-approved cost values and methodologies that are either universal or facility-specific, and calculate the submitted eligible costs in accordance with section 4.7B.5 of Chapter 9. The pre-approved cost values and methodologies shall remain in effect until revised by the IESO. The IESO shall review the pre-approved cost values and methodologies at least once every 3 years. The first review shall be completed no later than 3 years from the effective date of this section.

##### c) CHAPTER 7, SECTION 2.2B.6 (SUBMITTED ELIGIBLE COSTS)

Can the IESO clarify what circumstances might fall within scope of this provision?

Furthermore, TCE submits that in order to keep with the intent of increasing transparency of

**PART 3 – COMMENTS ON RULE AMENDMENT**

eligible costs, if the IESO determines in a circumstance that it will allow a particular MP to submit a new cost item the IESO should have the obligation to allow all other program participants to recover that same cost, whether it will be determined to be a universal or resource-specific value. TCE also submits that language needs to be incorporated around the IESO needing to use reasonable efforts.

In circumstances where pre-approved cost values and methodologies are not established under section 2.2B.5, the IESO may at its sole discretion, *being reasonable*, allow a *registered market participant* to submit the incremental fuel costs and incremental operating and maintenance costs for each *facility* under section 2.2B.1.4B, in accordance with the applicable *market manual*.

## d) CHAPTER 11: START VOLUME

For clarity, can the IESO confirm whether the intention of the new cost recovery framework is to limit the recovery of fuel associated with full speed no-load (FSNL) to only the 5 minutes prior to synchronization? If that is the case, TCE respectfully disagrees with this limitation and market participants should be able to recover all their fuel costs associated with operating in a FSNL state, as doing so the generation facility is avoiding incurring a start cost under their LTSA.

TCE suggests the following changes to the start volume definition:

*start volume* means the incremental volume of fuel consumed by a *generation facility*, on a per registered resource basis, for an eligible real-time generation cost guarantee submission from either: (i) the point of ignition to the *minimum loading point* ~~of the submitting eligible registered facility, on a per registered resource basis;~~ or (ii) if operating in a full speed no-load state, the point after de-synchronization to the point of synchronization, to the minimum loading point ~~of the submitting eligible registered facility, on a per registered resource basis, if operating in a full speed no-load state for more than five minutes in advance of synchronization to the IESO-controlled grid.~~

## e) CHAPTER 11: POINT OF IGNITION

As 'point of ignition' is referenced in the 'start-volume' definition and is referenced throughout the market manual, TCE suggests that this should be a defined term within Chapter 11. However, the more appropriate term is 'point of initiation' rather than point of ignition as some wear-and-tear is incurred prior to ignition (i.e. when gas is ignited). TCE proposes the following:

*Point of Initiation* for a Gas Turbine Resource occurs at the moment a start is initiated on the control system

*Point of Initiation* for a Steam Turbine Resource occurs at first fire of the steam boiler to generate steam to drive the steam turbine

**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 Stakeholding meeting necessary/desirable (please indicate with x):

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